



Sen. John J. Cullerton

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1 AMENDMENT TO SENATE BILL 1544

2 AMENDMENT NO. _____. Amend Senate Bill 1544, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "PART A

6 Section A-3. The Illinois Public Labor Relations Act is
7 amended by changing Sections 4 and 15 as follows:

8 (5 ILCS 315/4) (from Ch. 48, par. 1604)

9 Sec. 4. Management Rights. Employers shall not be required
10 to bargain over matters of inherent managerial policy, which
11 shall include such areas of discretion or policy as the
12 functions of the employer, standards of services, its overall
13 budget, the organizational structure and selection of new
14 employees, examination techniques and direction of employees.
15 Employers, however, shall be required to bargain collectively

1 with regard to policy matters directly affecting wages, hours
2 and terms and conditions of employment as well as the impact
3 thereon upon request by employee representatives, but
4 excluding the changes, the impact of changes, and the
5 implementation of the changes set forth in this amendatory Act
6 of the 98th General Assembly.

7 To preserve the rights of employers and exclusive
8 representatives which have established collective bargaining
9 relationships or negotiated collective bargaining agreements
10 prior to the effective date of this Act, employers shall be
11 required to bargain collectively with regard to any matter
12 concerning wages, hours or conditions of employment about which
13 they have bargained for and agreed to in a collective
14 bargaining agreement prior to the effective date of this Act, but
15 excluding the changes, the impact of changes, and the
16 implementation of the changes set forth in this amendatory Act
17 of the 98th General Assembly.

18 The chief judge of the judicial circuit that employs a
19 public employee who is a court reporter, as defined in the
20 Court Reporters Act, has the authority to hire, appoint,
21 promote, evaluate, discipline, and discharge court reporters
22 within that judicial circuit.

23 Nothing in this amendatory Act of the 94th General Assembly
24 shall be construed to intrude upon the judicial functions of
25 any court. This amendatory Act of the 94th General Assembly
26 applies only to nonjudicial administrative matters relating to

1 the collective bargaining rights of court reporters.

2 (Source: P.A. 94-98, eff. 7-1-05.)

3 (5 ILCS 315/15) (from Ch. 48, par. 1615)

4 Sec. 15. Act Takes Precedence.

5 (a) In case of any conflict between the provisions of this
6 Act and any other law (other than Section 5 of the State
7 Employees Group Insurance Act of 1971 and other than the
8 changes made to the Illinois Pension Code by Public Act 96-889
9 and the changes, impact of changes, and the implementation of
10 the changes made to the Illinois Pension Code by this
11 amendatory Act of the 98th ~~96th~~ General Assembly), executive
12 order or administrative regulation relating to wages, hours and
13 conditions of employment and employment relations, the
14 provisions of this Act or any collective bargaining agreement
15 negotiated thereunder shall prevail and control. Nothing in
16 this Act shall be construed to replace or diminish the rights
17 of employees established by Sections 28 and 28a of the
18 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
19 of the Regional Transportation Authority Act. The provisions of
20 this Act are subject to the changes made by this amendatory Act
21 of the 98th General Assembly and Section 5 of the State
22 Employees Group Insurance Act of 1971. Nothing in this Act
23 shall be construed to replace the necessity of complaints
24 against a sworn peace officer, as defined in Section 2(a) of
25 the Uniform Peace Officer Disciplinary Act, from having a

1 complaint supported by a sworn affidavit.

2 (b) Except as provided in subsection (a) above, any
3 collective bargaining contract between a public employer and a
4 labor organization executed pursuant to this Act shall
5 supersede any contrary statutes, charters, ordinances, rules
6 or regulations relating to wages, hours and conditions of
7 employment and employment relations adopted by the public
8 employer or its agents. Any collective bargaining agreement
9 entered into prior to the effective date of this Act shall
10 remain in full force during its duration.

11 (c) It is the public policy of this State, pursuant to
12 paragraphs (h) and (i) of Section 6 of Article VII of the
13 Illinois Constitution, that the provisions of this Act are the
14 exclusive exercise by the State of powers and functions which
15 might otherwise be exercised by home rule units. Such powers
16 and functions may not be exercised concurrently, either
17 directly or indirectly, by any unit of local government,
18 including any home rule unit, except as otherwise authorized by
19 this Act.

20 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

21 Section A-5. The Governor's Office of Management and Budget
22 Act is amended by changing Sections 7 and 8 as follows:

23 (20 ILCS 3005/7) (from Ch. 127, par. 417)

24 Sec. 7. All statements and estimates of expenditures

1 submitted to the Office in connection with the preparation of a
2 State budget, and any other estimates of expenditures,
3 supporting requests for appropriations, shall be formulated
4 according to the various functions and activities for which the
5 respective department, office or institution of the State
6 government (including the elective officers in the executive
7 department and including the University of Illinois and the
8 judicial department) is responsible. All such statements and
9 estimates of expenditures relating to a particular function or
10 activity shall be further formulated or subject to analysis in
11 accordance with the following classification of objects:

12 (1) Personal services

13 (2) State contribution for employee group insurance

14 (3) Contractual services

15 (4) Travel

16 (5) Commodities

17 (6) Equipment

18 (7) Permanent improvements

19 (8) Land

20 (9) Electronic Data Processing

21 (10) Telecommunication services

22 (11) Operation of Automotive Equipment

23 (12) Contingencies

24 (13) Reserve

25 (14) Interest

26 (15) Awards and Grants

1 (16) Debt Retirement

2 (17) Non-cost Charges-

3 (18) State retirement contribution for annual normal cost

4 (19) State retirement contribution for unfunded accrued
5 liability.

6 (Source: P.A. 93-25, eff. 6-20-03.)

7 (20 ILCS 3005/8) (from Ch. 127, par. 418)

8 Sec. 8. When used in connection with a State budget or
9 expenditure or estimate, items (1) through (16) in the
10 classification of objects stated in Section 7 shall have the
11 meanings ascribed to those items in Sections 14 through 24.7,
12 respectively, of the State Finance Act. ~~"An Act in relation to~~
13 ~~State finance", approved June 10, 1919, as amended.~~

14 When used in connection with a State budget or expenditure
15 or estimate, items (18) and (19) in the classification of
16 objects stated in Section 7 shall have the meanings ascribed to
17 those items in Sections 24.12 and 24.13, respectively, of the
18 State Finance Act.

19 (Source: P.A. 82-325.)

20 Section A-10. The State Finance Act is amended by changing
21 Section 13 and by adding Sections 24.12 and 24.13 as follows:

22 (30 ILCS 105/13) (from Ch. 127, par. 149)

23 Sec. 13. The objects and purposes for which appropriations

1 are made are classified and standardized by items as follows:

2 (1) Personal services;

3 (2) State contribution for employee group insurance;

4 (3) Contractual services;

5 (4) Travel;

6 (5) Commodities;

7 (6) Equipment;

8 (7) Permanent improvements;

9 (8) Land;

10 (9) Electronic Data Processing;

11 (10) Operation of automotive equipment;

12 (11) Telecommunications services;

13 (12) Contingencies;

14 (13) Reserve;

15 (14) Interest;

16 (15) Awards and Grants;

17 (16) Debt Retirement;

18 (17) Non-Cost Charges;

19 (18) State retirement contribution for annual normal cost;

20 (19) State retirement contribution for unfunded accrued

21 liability;

22 (20) ~~(18)~~ Purchase Contract for Real Estate.

23 When an appropriation is made to an officer, department,
24 institution, board, commission or other agency, or to a private
25 association or corporation, in one or more of the items above
26 specified, such appropriation shall be construed in accordance

1 with the definitions and limitations specified in this Act,
2 unless the appropriation act otherwise provides.

3 An appropriation for a purpose other than one specified and
4 defined in this Act may be made only as an additional, separate
5 and distinct item, specifically stating the object and purpose
6 thereof.

7 (Source: P.A. 84-263; 84-264.)

8 (30 ILCS 105/24.12 new)

9 Sec. 24.12. "State retirement contribution for annual
10 normal cost" defined. The term "State retirement contribution
11 for annual normal cost" means the portion of the total required
12 State contribution to a retirement system for a fiscal year
13 that represents the State's portion of the System's projected
14 normal cost for that fiscal year, as determined and certified
15 by the board of trustees of the retirement system in
16 conformance with the applicable provisions of the Illinois
17 Pension Code.

18 (30 ILCS 105/24.13 new)

19 Sec. 24.13. "State retirement contribution for unfunded
20 accrued liability" defined. The term "State retirement
21 contribution for unfunded accrued liability" means the portion
22 of the total required State contribution to a retirement system
23 for a fiscal year that is not included in the State retirement
24 contribution for annual normal cost.

1 Section A-15. The Budget Stabilization Act is amended by
2 changing Sections 20 and 25 as follows:

3 (30 ILCS 122/20)

4 Sec. 20. Pension Stabilization Fund.

5 (a) The Pension Stabilization Fund is hereby created as a
6 special fund in the State treasury. Moneys in the fund shall be
7 used for the sole purpose of making payments to the designated
8 retirement systems as provided in Section 25.

9 (b) For each fiscal year when the General Assembly's
10 appropriations and transfers or diversions as required by law
11 from general funds do not exceed 99% of the estimated general
12 funds revenues pursuant to subsection (a) of Section 10, the
13 Comptroller shall transfer from the General Revenue Fund as
14 provided by this Section a total amount equal to 0.5% of the
15 estimated general funds revenues to the Pension Stabilization
16 Fund.

17 (c) For each fiscal year through State fiscal year 2013,
18 when the General Assembly's appropriations and transfers or
19 diversions as required by law from general funds do not exceed
20 98% of the estimated general funds revenues pursuant to
21 subsection (b) of Section 10, the Comptroller shall transfer
22 from the General Revenue Fund as provided by this Section a
23 total amount equal to 1.0% of the estimated general funds
24 revenues to the Pension Stabilization Fund.

1 (c-10) In State fiscal year 2020 and each fiscal year
2 thereafter, the State Comptroller shall order transferred and
3 the State Treasurer shall transfer \$1,000,000,000 from the
4 General Revenue Fund to the Pension Stabilization Fund.

5 (c-15) The transfers made pursuant to subsection (c-10) of
6 this Section shall continue through State fiscal year 2045 or
7 until each of the designated retirement systems, as defined in
8 Section 25, has achieved the funding ratio prescribed by law
9 for that retirement system, whichever occurs first; provided
10 that those transfers shall not be made after any provision of
11 this Act that is designated as inseverable in Section 97 of
12 this Act is declared to be unconstitutional or invalid other
13 than as applied.

14 (d) The Comptroller shall transfer 1/12 of the total amount
15 to be transferred each fiscal year under this Section into the
16 Pension Stabilization Fund on the first day of each month of
17 that fiscal year or as soon thereafter as possible; except that
18 the final transfer of the fiscal year shall be made as soon as
19 practical after the August 31 following the end of the fiscal
20 year.

21 Until State fiscal year 2014, before ~~Before~~ the final
22 transfer for a fiscal year is made, the Comptroller shall
23 reconcile the estimated general funds revenues used in
24 calculating the other transfers under this Section for that
25 fiscal year with the actual general funds revenues for that
26 fiscal year. The final transfer for the fiscal year shall be

1 adjusted so that the total amount transferred under this
2 Section for that fiscal year is equal to the percentage
3 specified in subsection (b) or (c) of this Section, whichever
4 is applicable, of the actual general funds revenues for that
5 fiscal year. The actual general funds revenues for the fiscal
6 year shall be calculated in a manner consistent with subsection
7 (c) of Section 10 of this Act.

8 (Source: P.A. 94-839, eff. 6-6-06.)

9 (30 ILCS 122/25)

10 Sec. 25. Transfers from the Pension Stabilization Fund.

11 (a) As used in this Section, "designated retirement
12 systems" means:

13 (1) the State Employees' Retirement System of
14 Illinois;

15 (2) the Teachers' Retirement System of the State of
16 Illinois;

17 (3) the State Universities Retirement System;

18 (4) the Judges Retirement System of Illinois; and

19 (5) the General Assembly Retirement System.

20 (b) As soon as may be practical after any money is
21 deposited into the Pension Stabilization Fund, the State
22 Comptroller shall apportion the deposited amount among the
23 designated retirement systems and the State Comptroller and
24 State Treasurer shall pay the apportioned amounts to the
25 designated retirement systems. The amount deposited shall be

1 apportioned among the designated retirement systems in the same
2 proportion as their respective portions of the total actuarial
3 reserve deficiency of the designated retirement systems, as
4 most recently determined by the Governor's Office of Management
5 and Budget. Amounts received by a designated retirement system
6 under this Section shall be used for funding the unfunded
7 liabilities of the retirement system. Payments under this
8 Section are authorized by the continuing appropriation under
9 Section 1.7 of the State Pension Funds Continuing Appropriation
10 Act.

11 (c) At the request of the State Comptroller, the Governor's
12 Office of Management and Budget shall determine the individual
13 and total actuarial reserve deficiencies of the designated
14 retirement systems. For this purpose, the Governor's Office of
15 Management and Budget shall consider the latest available audit
16 and actuarial reports of each of the retirement systems and the
17 relevant reports and statistics of the Public Pension Division
18 of the Department of Financial and Professional Regulation.

19 (d) Payments to the designated retirement systems under
20 this Section shall be in addition to, and not in lieu of, any
21 State contributions required under Section 2-124, 14-131,
22 15-155, 16-158, or 18-131 of the Illinois Pension Code.

23 Payments to the designated retirement systems under this
24 Section, transferred after the effective date of this
25 amendatory Act of the 98th General Assembly, do not reduce and
26 do not constitute payment of any portion of the required State

1 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
2 Pension Code in that fiscal year. Such amounts shall not
3 reduce, and shall not be included in the calculation of, the
4 required State contribution under Article 2, 14, 15, 16, or 18
5 of the Illinois Pension Code in any future year, until the
6 designated retirement system has received payment of
7 contributions pursuant to this Act.

8 (Source: P.A. 94-839, eff. 6-6-06.)

9 Section A-20. The Illinois Pension Code is amended by
10 changing Sections 1-103.3, 2-101, 2-105, 2-107, 2-108, 2-119,
11 2-119.1, 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 7-109,
12 14-103.10, 14-106, 14-107, 14-108, 14-110, 14-114, 14-131,
13 14-132, 14-133, 14-135.08, 14-152.1, 15-106, 15-107, 15-111,
14 15-113.2, 15-135, 15-136, 15-155, 15-156, 15-157, 15-165, and
15 15-198 and by adding Sections 2-105.1, 2-105.2, 14-103.40,
16 14-103.41, 15-107.1, and 15-107.2 as follows:

17 (40 ILCS 5/1-103.3)

18 Sec. 1-103.3. Application of 1994 amendment; funding
19 standard.

20 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
21 ~~of 1994~~ that change the method of calculating, certifying, and
22 paying the required State contributions to the retirement
23 systems established under Articles 2, 14, 15, 16, and 18 shall
24 first apply to the State contributions required for State

1 fiscal year 1996.

2 (b) (Blank) ~~The General Assembly declares that a funding~~
3 ~~ratio (the ratio of a retirement system's total assets to its~~
4 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
5 ~~State funded retirement systems in Illinois, and it finds that~~
6 ~~a funding ratio of 90% is now the generally recognized norm~~
7 ~~throughout the nation for public employee retirement systems~~
8 ~~that are considered to be financially secure and funded in an~~
9 ~~appropriate and responsible manner.~~

10 (c) Every 5 years, beginning in 1999, the Commission on
11 Government Forecasting and Accountability, in consultation
12 with the affected retirement systems and the Governor's Office
13 of Management and Budget (formerly Bureau of the Budget), shall
14 consider and determine whether the funding goals ~~90% funding~~
15 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
16 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
17 funding goals ~~goal~~ for those ~~State funded~~ retirement systems ~~in~~
18 ~~Illinois~~, and it shall report its findings and recommendations
19 on this subject to the Governor and the General Assembly.

20 (Source: P.A. 93-1067, eff. 1-15-05.)

21 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

22 Sec. 2-101. Creation of system. A retirement system is
23 created to provide retirement annuities, survivor's annuities
24 and other benefits for certain members of the General Assembly,
25 certain elected state officials, and their beneficiaries.

1 The system shall be known as the "General Assembly
2 Retirement System". All its funds and property shall be a trust
3 separate from all other entities, maintained for the purpose of
4 securing payment of annuities and benefits under this Article.

5 Participation in the retirement system created under this
6 Article is restricted to persons who become participants before
7 January 1, 2014. Beginning on that date, the System shall not
8 accept any new participants.

9 (Source: P.A. 83-1440.)

10 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

11 Sec. 2-105. Member. "Member": Members of the General
12 Assembly of this State, including persons who enter military
13 service while a member of the General Assembly, and any person
14 serving as Governor, Lieutenant Governor, Secretary of State,
15 Treasurer, Comptroller, or Attorney General for the period of
16 service in such office.

17 Any person who has served for 10 or more years as Clerk or
18 Assistant Clerk of the House of Representatives, Secretary or
19 Assistant Secretary of the Senate, or any combination thereof,
20 may elect to become a member of this system while thenceforth
21 engaged in such service by filing a written election with the
22 board. Any person so electing shall be deemed an active member
23 of the General Assembly for the purpose of validating and
24 transferring any service credits earned under any of the funds
25 and systems established under Articles 3 through 18 of this

1 Code.

2 However, notwithstanding any other provision of this
3 Article, a person shall not be deemed a member for the purposes
4 of this Article unless he or she became a participant of the
5 System before January 1, 2014.

6 (Source: P.A. 85-1008.)

7 (40 ILCS 5/2-105.1 new)

8 Sec. 2-105.1. Tier I participant. "Tier I participant": A
9 participant who first became a participant before January 1,
10 2011.

11 (40 ILCS 5/2-105.2 new)

12 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
13 former Tier I participant who is receiving a retirement
14 annuity.

15 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

16 Sec. 2-107. Participant. "Participant": Any member who
17 elects to participate; and any former member who elects to
18 continue participation under Section 2-117.1, for the duration
19 of such continued participation. However, notwithstanding any
20 other provision of this Article, a person shall not be deemed a
21 participant for the purposes of this Article unless he or she
22 became a participant of the System before January 1, 2014.

23 (Source: P.A. 86-1488.)

1 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

2 Sec. 2-108. Salary. "Salary": (1) For members of the
3 General Assembly, the total compensation paid to the member by
4 the State for one year of service, including the additional
5 amounts, if any, paid to the member as an officer pursuant to
6 Section 1 of "An Act in relation to the compensation and
7 emoluments of the members of the General Assembly", approved
8 December 6, 1907, as now or hereafter amended.

9 (2) For the State executive officers specified in Section
10 2-105, the total compensation paid to the member for one year
11 of service.

12 (3) For members of the System who are participants under
13 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
14 of the House of Representatives or Secretary or Assistant
15 Secretary of the Senate, the total compensation paid to the
16 member for one year of service, but not to exceed the salary of
17 the highest salaried officer of the General Assembly.

18 However, in the event that federal law results in any
19 participant receiving imputed income based on the value of
20 group term life insurance provided by the State, such imputed
21 income shall not be included in salary for the purposes of this
22 Article.

23 Notwithstanding any other provision of this Code, the
24 salary of a Tier I participant for the purposes of this Code
25 shall not exceed, for periods of service in a term of office

1 beginning on or after the effective date of this amendatory Act
2 of the 98th General Assembly, the greater of (i) the annual
3 contribution and benefit base established for the applicable
4 year by the Commissioner of Social Security under the federal
5 Social Security Act or (ii) the annual salary of the
6 participant during the 365 days immediately preceding that
7 effective date.

8 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

9 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

10 Sec. 2-119. Retirement annuity - conditions for
11 eligibility.

12 (a) A participant whose service as a member is terminated,
13 regardless of age or cause, is entitled to a retirement annuity
14 beginning on the date specified by the participant in a written
15 application subject to the following conditions:

16 1. The date the annuity begins does not precede the
17 date of final termination of service, or is not more than
18 30 days before the receipt of the application by the board
19 in the case of annuities based on disability or one year
20 before the receipt of the application in the case of
21 annuities based on attained age;

22 2. The participant meets one of the following
23 eligibility requirements:

24 For a participant who first becomes a participant of
25 this System before January 1, 2011 (the effective date of

1 Public Act 96-889):

2 (A) He or she has attained age 55 and has at least
3 8 years of service credit;

4 (B) He or she has attained age 62 and terminated
5 service after July 1, 1971 with at least 4 years of
6 service credit; or

7 (C) He or she has completed 8 years of service and
8 has become permanently disabled and as a consequence,
9 is unable to perform the duties of his or her office.

10 For a participant who first becomes a participant of
11 this System on or after January 1, 2011 (the effective date
12 of Public Act 96-889), he or she has attained age 67 and
13 has at least 8 years of service credit.

14 (a-5) Notwithstanding subsection (a) of this Section, for a
15 Tier I participant who begins receiving a retirement annuity
16 under this Section after July 1, 2013:

17 (1) If the Tier I participant is at least 45 years old
18 on the effective date of this amendatory Act of the 98th
19 General Assembly, then the references to age 55 and 62 in
20 subsection (a) of this Section remain unchanged.

21 (2) If the Tier I participant is at least 40 but less
22 than 45 years old on the effective date of this amendatory
23 Act of the 98th General Assembly, then the references to
24 age 55 and 62 in subsection (a) of this Section are
25 increased by one year.

26 (3) If the Tier I participant is at least 35 but less

1 than 40 years old on the effective date of this amendatory
2 Act of the 98th General Assembly, then the references to
3 age 55 and 62 in subsection (a) of this Section are
4 increased by 3 years.

5 (4) If the Tier I participant is less than 35 years old
6 on the effective date of this amendatory Act of the 98th
7 General Assembly, then the references to age 55 and 62 in
8 subsection (a) of this Section are increased by 5 years.

9 Notwithstanding Section 1-103.1, this subsection (a-5)
10 applies without regard to whether or not the Tier I member is
11 in active service under this Article on or after the effective
12 date of this amendatory Act of the 98th General Assembly.

13 (a-5) A participant who first becomes a participant of this
14 System on or after January 1, 2011 (the effective date of
15 Public Act 96-889) who has attained age 62 and has at least 8
16 years of service credit may elect to receive the lower
17 retirement annuity provided in paragraph (c) of Section
18 2-119.01 of this Code.

19 (b) A participant shall be considered permanently disabled
20 only if: (1) disability occurs while in service and is of such
21 a nature as to prevent him or her from reasonably performing
22 the duties of his or her office at the time; and (2) the board
23 has received a written certificate by at least 2 licensed
24 physicians appointed by the board stating that the member is
25 disabled and that the disability is likely to be permanent.

26 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

1 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

2 Sec. 2-119.1. Automatic increase in retirement annuity.

3 (a) Except as provided in subsections (a-1), (a-2), and
4 (a-3) of this Section, a ~~A~~ participant who retires after June
5 30, 1967, and who has not received an initial increase under
6 this Section before the effective date of this amendatory Act
7 of 1991, shall, in January or July next following the first
8 anniversary of retirement, whichever occurs first, and in the
9 same month of each year thereafter, but in no event prior to
10 age 60, have the amount of the originally granted retirement
11 annuity increased as follows: for each year through 1971, 1
12 1/2%; for each year from 1972 through 1979, 2%; and for 1980
13 and each year thereafter, 3%. Annuitants who have received an
14 initial increase under this subsection prior to the effective
15 date of this amendatory Act of 1991 shall continue to receive
16 their annual increases in the same month as the initial
17 increase.

18 (a-1) Notwithstanding any other provision of this Article,
19 except subsection (a-3) of this Section, for a Tier I retiree,
20 the amount of each automatic annual increase in retirement
21 annuity occurring on or after the effective date of this
22 amendatory Act of the 98th General Assembly shall be 3% of the
23 lesser of (1) the total annuity payable at the time of the
24 increase, including previous increases granted, or (2) \$1,000
25 multiplied by the number of years of creditable service upon

1 which the annuity is based.

2 (a-2) Notwithstanding any other provision of this Article,
3 except subsection (a-3) of this Section, for a Tier I retiree,
4 the monthly retirement annuity shall first be subject to annual
5 increases on the January 1 occurring on or next after the
6 attainment of age 67 or the January 1 occurring on or next
7 after the fifth anniversary of the annuity start date,
8 whichever occurs earlier. If on the effective date of this
9 amendatory Act of the 98th General Assembly a Tier I retiree
10 has already received an annual increase under this Section but
11 does not yet meet the new eligibility requirements of this
12 subsection, the annual increases already received shall
13 continue in force, but no additional annual increase shall be
14 granted until the Tier I retiree meets the new eligibility
15 requirements.

16 (a-3) If on the effective date of this amendatory Act of
17 the 98th General Assembly a Tier I retiree has already received
18 an annual increase under this Section but does not yet meet the
19 new eligibility requirements of this subsection, the annual
20 increases already received shall continue in force, but no
21 additional annual increase shall be granted until the Tier I
22 retiree meets the new eligibility requirements.

23 (a-4) Notwithstanding Section 1-103.1, subsections (a-1),
24 (a-2), and (a-3) of this Section apply without regard to
25 whether or not the Tier I retiree is in active service under
26 this Article on or after the effective date of this amendatory

1 Act of the 98th General Assembly.

2 (b) Beginning January 1, 1990, for eligible participants
3 who remain in service after attaining 20 years of creditable
4 service, the 3% increases provided under subsection (a) shall
5 begin to accrue on the January 1 next following the date upon
6 which the participant (1) attains age 55, or (2) attains 20
7 years of creditable service, whichever occurs later, and shall
8 continue to accrue while the participant remains in service;
9 such increases shall become payable on January 1 or July 1,
10 whichever occurs first, next following the first anniversary of
11 retirement. For any person who has service credit in the System
12 for the entire period from January 15, 1969 through December
13 31, 1992, regardless of the date of termination of service, the
14 reference to age 55 in clause (1) of this subsection (b) shall
15 be deemed to mean age 50.

16 This subsection (b) does not apply to any person who first
17 becomes a member of the System after August 8, 2003 (the
18 effective date of Public Act 93-494) ~~this amendatory Act of the~~
19 ~~93rd General Assembly.~~

20 (b-5) Notwithstanding any other provision of this Article,
21 a participant who first becomes a participant on or after
22 January 1, 2011 (the effective date of Public Act 96-889)
23 shall, in January or July next following the first anniversary
24 of retirement, whichever occurs first, and in the same month of
25 each year thereafter, but in no event prior to age 67, have the
26 amount of the originally granted retirement annuity ~~then being~~

1 ~~paid~~ increased by 3% or one-half the annual unadjusted
2 percentage increase in the Consumer Price Index for All Urban
3 Consumers as determined by the Public Pension Division of the
4 Department of Insurance under subsection (a) of Section
5 2-108.1, whichever is less. The changes made to this subsection
6 by this amendatory Act of the 98th General Assembly do not
7 apply to any automatic annual increase granted under this
8 subsection before the effective date of this amendatory Act.

9 (c) The foregoing provisions relating to automatic
10 increases are not applicable to a participant who retires
11 before having made contributions (at the rate prescribed in
12 Section 2-126) for automatic increases for less than the
13 equivalent of one full year. However, in order to be eligible
14 for the automatic increases, such a participant may make
15 arrangements to pay to the system the amount required to bring
16 the total contributions for the automatic increase to the
17 equivalent of one year's contributions based upon his or her
18 last salary.

19 (d) A participant who terminated service prior to July 1,
20 1967, with at least 14 years of service is entitled to an
21 increase in retirement annuity beginning January, 1976, and to
22 additional increases in January of each year thereafter.

23 The initial increase shall be 1 1/2% of the originally
24 granted retirement annuity multiplied by the number of full
25 years that the annuitant was in receipt of such annuity prior
26 to January 1, 1972, plus 2% of the originally granted

1 retirement annuity for each year after that date. The
2 subsequent annual increases shall be at the rate of 2% of the
3 originally granted retirement annuity for each year through
4 1979 and at the rate of 3% for 1980 and thereafter.

5 (e) Beginning January 1, 1990, all automatic annual
6 increases payable under this Section shall be calculated as a
7 percentage of the total annuity payable at the time of the
8 increase, including previous increases granted under this
9 Article.

10 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

11 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

12 Sec. 2-121.1. Survivor's annuity - amount.

13 (a) A surviving spouse shall be entitled to 66 2/3% of the
14 amount of retirement annuity to which the participant or
15 annuitant was entitled on the date of death, without regard to
16 whether the participant had attained age 55 prior to his or her
17 death, subject to a minimum payment of 10% of salary. If a
18 surviving spouse, regardless of age, has in his or her care at
19 the date of death any eligible child or children of the
20 participant, the survivor's annuity shall be the greater of the
21 following: (1) 66 2/3% of the amount of retirement annuity to
22 which the participant or annuitant was entitled on the date of
23 death, or (2) 30% of the participant's salary increased by 10%
24 of salary on account of each such child, subject to a total
25 payment for the surviving spouse and children of 50% of salary.

1 If eligible children survive but there is no surviving spouse,
2 or if the surviving spouse dies or becomes disqualified by
3 remarriage while eligible children survive, each eligible
4 child shall be entitled to an annuity of 20% of salary, subject
5 to a maximum total payment for all such children of 50% of
6 salary.

7 However, the survivor's annuity payable under this Section
8 shall not be less than 100% of the amount of retirement annuity
9 to which the participant or annuitant was entitled on the date
10 of death, if he or she is survived by a dependent disabled
11 child.

12 The salary to be used for determining these benefits shall
13 be the salary used for determining the amount of retirement
14 annuity as provided in Section 2-119.01.

15 (b) Upon the death of a participant after the termination
16 of service or upon death of an annuitant, the maximum total
17 payment to a surviving spouse and eligible children, or to
18 eligible children alone if there is no surviving spouse, shall
19 be 75% of the retirement annuity to which the participant or
20 annuitant was entitled, unless there is a dependent disabled
21 child among the survivors.

22 (c) When a child ceases to be an eligible child, the
23 annuity to that child, or to the surviving spouse on account of
24 that child, shall thereupon cease, and the annuity payable to
25 the surviving spouse or other eligible children shall be
26 recalculated if necessary.

1 Upon the ineligibility of the last eligible child, the
2 annuity shall immediately revert to the amount payable upon
3 death of a participant or annuitant who leaves no eligible
4 children. If the surviving spouse is then under age 50, the
5 annuity as revised shall be deferred until the attainment of
6 age 50.

7 (d) Beginning January 1, 1990, every survivor's annuity
8 shall be increased (1) on each January 1 occurring on or after
9 the commencement of the annuity if the deceased member died
10 while receiving a retirement annuity, or (2) in other cases, on
11 each January 1 occurring on or after the first anniversary of
12 the commencement of the annuity, by an amount equal to 3% of
13 the current amount of the annuity, including any previous
14 increases under this Article. Such increases shall apply
15 without regard to whether the deceased member was in service on
16 or after the effective date of this amendatory Act of 1991, but
17 shall not accrue for any period prior to January 1, 1990.

18 (d-5) Notwithstanding any other provision of this Article,
19 the initial survivor's annuity of a survivor of a participant
20 who first becomes a participant on or after January 1, 2011
21 (the effective date of Public Act 96-889) shall be in the
22 amount of 66 2/3% of the amount of the retirement annuity to
23 which the participant or annuitant was entitled on the date of
24 death and shall be increased (1) on each January 1 occurring on
25 or after the commencement of the annuity if the deceased member
26 died while receiving a retirement annuity or (2) in other

1 cases, on each January 1 occurring on or after the first
2 anniversary of the commencement of the annuity, by an amount
3 equal to 3% or one-half the annual unadjusted percentage
4 increase in the Consumer Price Index for All Urban Consumers as
5 determined by the Public Pension Division of the Department of
6 Insurance under subsection (a) of Section 2-108.1, whichever is
7 less, of the originally granted survivor's annuity ~~then being~~
8 ~~paid~~. The changes made to this subsection by this amendatory
9 Act of the 98th General Assembly do not apply to any automatic
10 annual increase granted under this subsection before the
11 effective date of this amendatory Act.

12 (e) Notwithstanding any other provision of this Article,
13 beginning January 1, 1990, the minimum survivor's annuity
14 payable to any person who is entitled to receive a survivor's
15 annuity under this Article shall be \$300 per month, without
16 regard to whether or not the deceased participant was in
17 service on the effective date of this amendatory Act of 1989.

18 (f) In the case of a proportional survivor's annuity
19 arising under the Retirement Systems Reciprocal Act where the
20 amount payable by the System on January 1, 1993 is less than
21 \$300 per month, the amount payable by the System shall be
22 increased beginning on that date by a monthly amount equal to
23 \$2 for each full year that has expired since the annuity began.

24 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

1 Sec. 2-124. Contributions by State.

2 (a) The State shall make contributions to the System by
3 appropriations of amounts which, together with the
4 contributions of participants, interest earned on investments,
5 and other income will meet the cost of maintaining and
6 administering the System on a 100% ~~90%~~ funded basis in
7 accordance with actuarial recommendations by the end of State
8 fiscal year 2044.

9 (b) The Board shall determine the amount of State
10 contributions required for each fiscal year on the basis of the
11 actuarial tables and other assumptions adopted by the Board and
12 the prescribed rate of interest, using the formula in
13 subsection (c).

14 (c) For State fiscal years 2015 through 2044, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 equal to the sum of (1) the State's portion of the projected
18 normal cost for that fiscal year, plus (2) an amount sufficient
19 to bring the total assets of the System up to 100% of the total
20 actuarial liabilities of the System by the end of State fiscal
21 year 2044. In making these determinations, the required State
22 contribution shall be calculated each year as a level
23 percentage of payroll over the years remaining to and including
24 fiscal year 2044 and shall be determined under the projected
25 unit credit actuarial cost method.

26 For State fiscal years 2012 through 2014 ~~through 2045~~, the

1 minimum contribution to the System to be made by the State for
2 each fiscal year shall be an amount determined by the System to
3 be sufficient to bring the total assets of the System up to 90%
4 of the total actuarial liabilities of the System by the end of
5 State fiscal year 2045. In making these determinations, the
6 required State contribution shall be calculated each year as a
7 level percentage of payroll over the years remaining to and
8 including fiscal year 2045 and shall be determined under the
9 projected unit credit actuarial cost method.

10 For State fiscal years 1996 through 2005, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 so that by State fiscal year 2011, the State is contributing at
14 the rate required under this Section.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2006 is
17 \$4,157,000.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2007 is
20 \$5,220,300.

21 For each of State fiscal years 2008 through 2009, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 from the required State contribution for State fiscal year
25 2007, so that by State fiscal year 2011, the State is
26 contributing at the rate otherwise required under this Section.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2010 is
3 \$10,454,000 and shall be made from the proceeds of bonds sold
4 in fiscal year 2010 pursuant to Section 7.2 of the General
5 Obligation Bond Act, less (i) the pro rata share of bond sale
6 expenses determined by the System's share of total bond
7 proceeds, (ii) any amounts received from the General Revenue
8 Fund in fiscal year 2010, and (iii) any reduction in bond
9 proceeds due to the issuance of discounted bonds, if
10 applicable.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2011 is
13 the amount recertified by the System on or before April 1, 2011
14 pursuant to Section 2-134 and shall be made from the proceeds
15 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
16 the General Obligation Bond Act, less (i) the pro rata share of
17 bond sale expenses determined by the System's share of total
18 bond proceeds, (ii) any amounts received from the General
19 Revenue Fund in fiscal year 2011, and (iii) any reduction in
20 bond proceeds due to the issuance of discounted bonds, if
21 applicable.

22 Beginning in State fiscal year 2045, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 100% of the total
25 actuarial liabilities of the System.

26 ~~Beginning in State fiscal year 2046, the minimum State~~

1 ~~contribution for each fiscal year shall be the amount needed to~~
2 ~~maintain the total assets of the System at 90% of the total~~
3 ~~actuarial liabilities of the System.~~

4 Amounts received by the System pursuant to Section 25 of
5 the Budget Stabilization Act or Section 8.12 of the State
6 Finance Act in any fiscal year do not reduce and do not
7 constitute payment of any portion of the minimum State
8 contribution required under this Article in that fiscal year.
9 Such amounts shall not reduce, and shall not be included in the
10 calculation of, the required State contributions under this
11 Article in any future year until the System has reached a
12 funding ratio of at least 100% ~~90%~~. A reference in this Article
13 to the "required State contribution" or any substantially
14 similar term does not include or apply to any amounts payable
15 to the System under Section 25 of the Budget Stabilization Act.

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter through State
19 fiscal year 2014, as calculated under this Section and
20 certified under Section 2-134, shall not exceed an amount equal
21 to (i) the amount of the required State contribution that would
22 have been calculated under this Section for that fiscal year if
23 the System had not received any payments under subsection (d)
24 of Section 7.2 of the General Obligation Bond Act, minus (ii)
25 the portion of the State's total debt service payments for that
26 fiscal year on the bonds issued in fiscal year 2003 for the

1 purposes of that Section 7.2, as determined and certified by
2 the Comptroller, that is the same as the System's portion of
3 the total moneys distributed under subsection (d) of Section
4 7.2 of the General Obligation Bond Act. In determining this
5 maximum for State fiscal years 2008 through 2010, however, the
6 amount referred to in item (i) shall be increased, as a
7 percentage of the applicable employee payroll, in equal
8 increments calculated from the sum of the required State
9 contribution for State fiscal year 2007 plus the applicable
10 portion of the State's total debt service payments for fiscal
11 year 2007 on the bonds issued in fiscal year 2003 for the
12 purposes of Section 7.2 of the General Obligation Bond Act, so
13 that, by State fiscal year 2011, the State is contributing at
14 the rate otherwise required under this Section.

15 (d) For purposes of determining the required State
16 contribution to the System, the value of the System's assets
17 shall be equal to the actuarial value of the System's assets,
18 which shall be calculated as follows:

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (e) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

4 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
5 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
6 7-13-12.)

7 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

8 Sec. 2-125. Obligations of State; funding guarantee.

9 (a) The payment of (1) the required State contributions,
10 (2) all benefits granted under this system and (3) all expenses
11 of administration and operation are obligations of the State to
12 the extent specified in this Article.

13 (b) All income, interest and dividends derived from
14 deposits and investments shall be credited to the account of
15 the system in the State Treasury and used to pay benefits under
16 this Article.

17 (c) Beginning July 1, 2013, the State shall be
18 contractually obligated to contribute to the System under
19 Section 2-124 in each State fiscal year an amount not less than
20 the sum of (i) the State's normal cost for that year and (ii)
21 the portion of the unfunded accrued liability assigned to that
22 year by law in accordance with a schedule that distributes
23 payments equitably over a reasonable period of time and in
24 accordance with accepted actuarial practices. The obligations
25 created under this subsection (c) are contractual obligations

1 protected and enforceable under Article I, Section 16 and
2 Article XIII, Section 5 of the Illinois Constitution.

3 Notwithstanding any other provision of law, if the State
4 fails to pay in a State fiscal year the amount guaranteed under
5 this subsection, the System may bring a mandamus action in the
6 Circuit Court of Sangamon County to compel the State to make
7 that payment, irrespective of other remedies that may be
8 available to the System. It shall be the mandatory fiduciary
9 obligation of the Board of the System to bring that action if
10 the State fails to pay in the fiscal year the amount guaranteed
11 under this subsection. Before commencing that action, the Board
12 shall submit a voucher for monthly contributions as required in
13 Section 2-124. If the State fails to pay a vouchered amount
14 within 90 days after receiving a voucher for that amount, then
15 the Board shall submit a written request to the Comptroller
16 seeking payment of that amount. A copy of the request shall be
17 filed with the Secretary of State, and the Secretary of State
18 shall provide copies of the request to the Governor and General
19 Assembly. No earlier than the 16th day after filing a request
20 with the Secretary, but no later than the 21st day after filing
21 that request, the Board may commence such an action in the
22 Circuit Court. If the Board fails to commence such action on or
23 before the 21st day after filing the request with the Secretary
24 of State, then any participant or annuitant may file a mandamus
25 action against the Board to compel the Board to commence its
26 mandamus action against the State. This Section constitutes an

1 express waiver of the State's sovereign immunity. In ordering
2 the State to make the required payment, the court may order a
3 reasonable payment schedule to enable the State to make the
4 required payment. The obligations and causes of action created
5 under this subsection shall be in addition to any other right
6 or remedy otherwise accorded by common law, or State or federal
7 law, and nothing in this subsection shall be construed to deny,
8 abrogate, impair, or waive any such common law or statutory
9 right or remedy.

10 Any payments required to be made by the State pursuant to
11 this subsection (c) are expressly subordinated to the payment
12 of the principal, interest, and premium, if any, on any bonded
13 debt obligation of the State or any other State-created entity,
14 either currently outstanding or to be issued, for which the
15 source of repayment or security thereon is derived directly or
16 indirectly from tax revenues collected by the State or any
17 other State-created entity. Payments on such bonded
18 obligations include any statutory fund transfers or other
19 prefunding mechanisms or formulas set forth, now or hereafter,
20 in State law or bond indentures, into debt service funds or
21 accounts of the State related to such bonded obligations,
22 consistent with the payment schedules associated with such
23 obligations.

24 (Source: P.A. 83-1440.)

25 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

1 Sec. 2-126. Contributions by participants.

2 (a) Each participant shall contribute toward the cost of
3 his or her retirement annuity a percentage of each payment of
4 salary received by him or her for service as a member as
5 follows: for service between October 31, 1947 and January 1,
6 1959, 5%; for service between January 1, 1959 and June 30,
7 1969, 6%; for service between July 1, 1969 and January 10,
8 1973, 6 1/2%; for service after January 10, 1973, 7%; for
9 service after December 31, 1981, 8 1/2%.

10 (a-5) In addition to the contributions otherwise required
11 under this Article, each Tier I participant shall also make the
12 following contributions toward the cost of his or her
13 retirement annuity from each payment of salary received by him
14 or her for service as a member:

15 (1) beginning July 1, 2013 and through June 30, 2014,
16 1% of salary; and

17 (2) beginning on July 1, 2014, 2% of salary.

18 (b) Beginning August 2, 1949, each male participant, and
19 from July 1, 1971, each female participant shall contribute
20 towards the cost of the survivor's annuity 2% of salary.

21 A participant who has no eligible survivor's annuity
22 beneficiary may elect to cease making contributions for
23 survivor's annuity under this subsection. A survivor's annuity
24 shall not be payable upon the death of a person who has made
25 this election, unless prior to that death the election has been
26 revoked and the amount of the contributions that would have

1 been paid under this subsection in the absence of the election
2 is paid to the System, together with interest at the rate of 4%
3 per year from the date the contributions would have been made
4 to the date of payment.

5 (c) Beginning July 1, 1967, each participant shall
6 contribute 1% of salary towards the cost of automatic increase
7 in annuity provided in Section 2-119.1. These contributions
8 shall be made concurrently with contributions for retirement
9 annuity purposes.

10 (d) In addition, each participant serving as an officer of
11 the General Assembly shall contribute, for the same purposes
12 and at the same rates as are required of a regular participant,
13 on each additional payment received as an officer. If the
14 participant serves as an officer for at least 2 but less than 4
15 years, he or she shall contribute an amount equal to the amount
16 that would have been contributed had the participant served as
17 an officer for 4 years. Persons who serve as officers in the
18 87th General Assembly but cannot receive the additional payment
19 to officers because of the ban on increases in salary during
20 their terms may nonetheless make contributions based on those
21 additional payments for the purpose of having the additional
22 payments included in their highest salary for annuity purposes;
23 however, persons electing to make these additional
24 contributions must also pay an amount representing the
25 corresponding employer contributions, as calculated by the
26 System.

1 (e) Notwithstanding any other provision of this Article,
2 the required contribution of a participant who first becomes a
3 participant on or after January 1, 2011 shall not exceed the
4 contribution that would be due under this Article if that
5 participant's highest salary for annuity purposes were
6 \$106,800, plus any increases in that amount under Section
7 2-108.1.

8 (Source: P.A. 96-1490, eff. 1-1-11.)

9 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

10 Sec. 2-134. To certify required State contributions and
11 submit vouchers.

12 (a) The Board shall certify to the Governor on or before
13 December 15 of each year through ~~until~~ December 15, 2011 the
14 amount of the required State contribution to the System for the
15 next fiscal year ~~and shall specifically identify the System's~~
16 ~~projected State normal cost for that fiscal year.~~ The
17 certification shall include a copy of the actuarial
18 recommendations upon which it is based ~~and shall specifically~~
19 ~~identify the System's projected State normal cost for that~~
20 ~~fiscal year.~~

21 (a-5) On or before November 1 of each year, beginning
22 November 1, 2012, the Board shall submit to the State Actuary,
23 the Governor, and the General Assembly a proposed certification
24 of the amount of the required State contribution to the System
25 for the next fiscal year, along with all of the actuarial

1 assumptions, calculations, and data upon which that proposed
2 certification is based. On or before January 1 of each year,
3 beginning January 1, 2013, the State Actuary shall issue a
4 preliminary report concerning the proposed certification and
5 identifying, if necessary, recommended changes in actuarial
6 assumptions that the Board must consider before finalizing its
7 certification of the required State contributions.

8 On or before January 15, 2013 and every January 15
9 thereafter, the Board shall certify to the Governor and the
10 General Assembly the amount of the required State contribution
11 for the next fiscal year. The Board's certification shall
12 include a copy of the actuarial recommendations upon which it
13 is based and shall specifically identify the System's projected
14 State normal cost for that fiscal year. The Board's
15 certification must note any deviations from the State Actuary's
16 recommended changes, the reason or reasons for not following
17 the State Actuary's recommended changes, and the fiscal impact
18 of not following the State Actuary's recommended changes on the
19 required State contribution.

20 (a-7) On or before May 1, 2004, the Board shall recalculate
21 and recertify to the Governor the amount of the required State
22 contribution to the System for State fiscal year 2005, taking
23 into account the amounts appropriated to and received by the
24 System under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act.

26 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2006, taking
3 into account the changes in required State contributions made
4 by this amendatory Act of the 94th General Assembly.

5 On or before April 1, 2011, the Board shall recalculate and
6 recertify to the Governor the amount of the required State
7 contribution to the System for State fiscal year 2011, applying
8 the changes made by Public Act 96-889 to the System's assets
9 and liabilities as of June 30, 2009 as though Public Act 96-889
10 was approved on that date.

11 (b) Beginning in State fiscal year 1996, on or as soon as
12 possible after the 15th day of each month the Board shall
13 submit vouchers for payment of State contributions to the
14 System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a). From the effective date of this amendatory Act of the 93rd
17 General Assembly through June 30, 2004, the Board shall not
18 submit vouchers for the remainder of fiscal year 2004 in excess
19 of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (d) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year. If in
25 any month the amount remaining unexpended from all other
26 appropriations to the System for the applicable fiscal year

1 (including the appropriations to the System under Section 8.12
2 of the State Finance Act and Section 1 of the State Pension
3 Funds Continuing Appropriation Act) is less than the amount
4 lawfully vouchered under this Section, the difference shall be
5 paid from the General Revenue Fund under the continuing
6 appropriation authority provided in Section 1.1 of the State
7 Pension Funds Continuing Appropriation Act.

8 (c) The full amount of any annual appropriation for the
9 System for State fiscal year 1995 shall be transferred and made
10 available to the System at the beginning of that fiscal year at
11 the request of the Board. Any excess funds remaining at the end
12 of any fiscal year from appropriations shall be retained by the
13 System as a general reserve to meet the System's accrued
14 liabilities.

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/2-162)

18 Sec. 2-162. Application and expiration of new benefit
19 increases.

20 (a) As used in this Section, "new benefit increase" means
21 an increase in the amount of any benefit provided under this
22 Article, or an expansion of the conditions of eligibility for
23 any benefit under this Article, that results from an amendment
24 to this Code that takes effect after the effective date of this
25 amendatory Act of the 94th General Assembly. "New benefit

1 increase", however, does not include any benefit increase
2 resulting from the changes made to this Article by this
3 amendatory Act of the 98th General Assembly.

4 (b) Notwithstanding any other provision of this Code or any
5 subsequent amendment to this Code, every new benefit increase
6 is subject to this Section and shall be deemed to be granted
7 only in conformance with and contingent upon compliance with
8 the provisions of this Section.

9 (c) The Public Act enacting a new benefit increase must
10 identify and provide for payment to the System of additional
11 funding at least sufficient to fund the resulting annual
12 increase in cost to the System as it accrues.

13 Every new benefit increase is contingent upon the General
14 Assembly providing the additional funding required under this
15 subsection. The Commission on Government Forecasting and
16 Accountability shall analyze whether adequate additional
17 funding has been provided for the new benefit increase and
18 shall report its analysis to the Public Pension Division of the
19 Department of Financial and Professional Regulation. A new
20 benefit increase created by a Public Act that does not include
21 the additional funding required under this subsection is null
22 and void. If the Public Pension Division determines that the
23 additional funding provided for a new benefit increase under
24 this subsection is or has become inadequate, it may so certify
25 to the Governor and the State Comptroller and, in the absence
26 of corrective action by the General Assembly, the new benefit

1 increase shall expire at the end of the fiscal year in which
2 the certification is made.

3 (d) Every new benefit increase shall expire 5 years after
4 its effective date or on such earlier date as may be specified
5 in the language enacting the new benefit increase or provided
6 under subsection (c). This does not prevent the General
7 Assembly from extending or re-creating a new benefit increase
8 by law.

9 (e) Except as otherwise provided in the language creating
10 the new benefit increase, a new benefit increase that expires
11 under this Section continues to apply to persons who applied
12 and qualified for the affected benefit while the new benefit
13 increase was in effect and to the affected beneficiaries and
14 alternate payees of such persons, but does not apply to any
15 other person, including without limitation a person who
16 continues in service after the expiration date and did not
17 apply and qualify for the affected benefit while the new
18 benefit increase was in effect.

19 (Source: P.A. 94-4, eff. 6-1-05.)

20 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

21 Sec. 7-109. Employee.

22 (1) "Employee" means any person who:

23 (a) 1. Receives earnings as payment for the performance
24 of personal services or official duties out of the
25 general fund of a municipality, or out of any special

1 fund or funds controlled by a municipality, or by an
2 instrumentality thereof, or a participating
3 instrumentality, including, in counties, the fees or
4 earnings of any county fee office; and

5 2. Under the usual common law rules applicable in
6 determining the employer-employee relationship, has
7 the status of an employee with a municipality, or any
8 instrumentality thereof, or a participating
9 instrumentality, including aldermen, county
10 supervisors and other persons (excepting those
11 employed as independent contractors) who are paid
12 compensation, fees, allowances or other emolument for
13 official duties, and, in counties, the several county
14 fee offices.

15 (b) Serves as a township treasurer appointed under the
16 School Code, as heretofore or hereafter amended, and who
17 receives for such services regular compensation as
18 distinguished from per diem compensation, and any regular
19 employee in the office of any township treasurer whether or
20 not his earnings are paid from the income of the permanent
21 township fund or from funds subject to distribution to the
22 several school districts and parts of school districts as
23 provided in the School Code, or from both such sources; or
24 is the chief executive officer, chief educational officer,
25 chief fiscal officer, or other employee of a Financial
26 Oversight Panel established pursuant to Article 1H of the

1 School Code, other than a superintendent or certified
2 school business official, except that such person shall not
3 be treated as an employee under this Section if that person
4 has negotiated with the Financial Oversight Panel, in
5 conjunction with the school district, a contractual
6 agreement for exclusion from this Section.

7 (c) Holds an elective office in a municipality,
8 instrumentality thereof or participating instrumentality.

9 (2) "Employee" does not include persons who:

10 (a) Are eligible for inclusion under any of the
11 following laws:

12 1. "An Act in relation to an Illinois State
13 Teachers' Pension and Retirement Fund", approved May
14 27, 1915, as amended;

15 2. Articles 15 and 16 of this Code.

16 However, such persons shall be included as employees to
17 the extent of earnings that are not eligible for inclusion
18 under the foregoing laws for services not of an
19 instructional nature of any kind.

20 However, any member of the armed forces who is employed
21 as a teacher of subjects in the Reserve Officers Training
22 Corps of any school and who is not certified under the law
23 governing the certification of teachers shall be included
24 as an employee.

25 (b) Are designated by the governing body of a
26 municipality in which a pension fund is required by law to

1 be established for policemen or firemen, respectively, as
2 performing police or fire protection duties, except that
3 when such persons are the heads of the police or fire
4 department and are not eligible to be included within any
5 such pension fund, they shall be included within this
6 Article; provided, that such persons shall not be excluded
7 to the extent of concurrent service and earnings not
8 designated as being for police or fire protection duties.
9 However, (i) any head of a police department who was a
10 participant under this Article immediately before October
11 1, 1977 and did not elect, under Section 3-109 of this Act,
12 to participate in a police pension fund shall be an
13 "employee", and (ii) any chief of police who elects to
14 participate in this Fund under Section 3-109.1 of this
15 Code, regardless of whether such person continues to be
16 employed as chief of police or is employed in some other
17 rank or capacity within the police department, shall be an
18 employee under this Article for so long as such person is
19 employed to perform police duties by a participating
20 municipality and has not lawfully rescinded that election.

21 (c) After August 26, 2011 (the effective date of Public
22 Act 97-609), are contributors to or eligible to contribute
23 to a Taft-Hartley pension plan established on or before
24 June 1, 2011 and are employees of a theatre, arena, or
25 convention center that is located in a municipality located
26 in a county with a population greater than 5,000,000, and

1 to which the participating municipality is required to
2 contribute as the person's employer based on earnings from
3 the municipality. Nothing in this paragraph shall affect
4 service credit or creditable service for any period of
5 service prior to August 26, 2011, and this paragraph shall
6 not apply to individuals who are participating in the Fund
7 prior to August 26, 2011.

8 (d) Become an employee of any of the following
9 participating instrumentalities on or after the effective
10 date of this amendatory Act of the 98th General Assembly:
11 the Illinois Municipal League; the Illinois Association of
12 Park Districts; the Illinois Supervisors, County
13 Commissioners and Superintendents of Highways Association;
14 an association, or not-for-profit corporation, membership
15 in which is authorized under Section 85-15 of the Township
16 Code; the United Counties Council; or the Will County
17 Governmental League.

18 (3) All persons, including, without limitation, public
19 defenders and probation officers, who receive earnings from
20 general or special funds of a county for performance of
21 personal services or official duties within the territorial
22 limits of the county, are employees of the county (unless
23 excluded by subsection (2) of this Section) notwithstanding
24 that they may be appointed by and are subject to the direction
25 of a person or persons other than a county board or a county
26 officer. It is hereby established that an employer-employee

1 relationship under the usual common law rules exists between
2 such employees and the county paying their salaries by reason
3 of the fact that the county boards fix their rates of
4 compensation, appropriate funds for payment of their earnings
5 and otherwise exercise control over them. This finding and this
6 amendatory Act shall apply to all such employees from the date
7 of appointment whether such date is prior to or after the
8 effective date of this amendatory Act and is intended to
9 clarify existing law pertaining to their status as
10 participating employees in the Fund.

11 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
12 97-813, eff. 7-13-12.)

13 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

14 Sec. 14-103.10. Compensation.

15 (a) For periods of service prior to January 1, 1978, the
16 full rate of salary or wages payable to an employee for
17 personal services performed if he worked the full normal
18 working period for his position, subject to the following
19 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
20 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
21 inclusive, \$625 per month or \$7,500 per year; (3) beginning
22 July 1, 1957, no limitation.

23 In the case of service of an employee in a position
24 involving part-time employment, compensation shall be
25 determined according to the employees' earnings record.

1 (b) For periods of service on and after January 1, 1978,
2 all remuneration for personal services performed defined as
3 "wages" under the Social Security Enabling Act, including that
4 part of such remuneration which is in excess of any maximum
5 limitation provided in such Act, and including any benefits
6 received by an employee under a sick pay plan in effect before
7 January 1, 1981, but excluding lump sum salary payments:

8 (1) for vacation,

9 (2) for accumulated unused sick leave,

10 (3) upon discharge or dismissal,

11 (4) for approved holidays.

12 (c) For periods of service on or after December 16, 1978,
13 compensation also includes any benefits, other than lump sum
14 salary payments made at termination of employment, which an
15 employee receives or is eligible to receive under a sick pay
16 plan authorized by law.

17 (d) For periods of service after September 30, 1985,
18 compensation also includes any remuneration for personal
19 services not included as "wages" under the Social Security
20 Enabling Act, which is deducted for purposes of participation
21 in a program established pursuant to Section 125 of the
22 Internal Revenue Code or its successor laws.

23 (e) For members for which Section 1-160 applies for periods
24 of service on and after January 1, 2011, all remuneration for
25 personal services performed defined as "wages" under the Social
26 Security Enabling Act, excluding remuneration that is in excess

1 of the annual earnings, salary, or wages of a member or
2 participant, as provided in subsection (b-5) of Section 1-160,
3 but including any benefits received by an employee under a sick
4 pay plan in effect before January 1, 1981. Compensation shall
5 exclude lump sum salary payments:

6 (1) for vacation;

7 (2) for accumulated unused sick leave;

8 (3) upon discharge or dismissal; and

9 (4) for approved holidays.

10 (f) Notwithstanding any other provision of this Code, the
11 compensation of a Tier I member for the purposes of this Code
12 shall not exceed, for periods of service on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly, the greater of (i) the annual contribution and
15 benefit base established for the applicable year by the
16 Commissioner of Social Security under the federal Social
17 Security Act or (ii) the annual compensation of the member
18 during the 365 days immediately preceding that effective date;
19 except that this limitation does not apply to a member's
20 compensation that is determined under an employment contract or
21 collective bargaining agreement that is in effect on the
22 effective date of this amendatory Act of the 98th General
23 Assembly and has not been amended or renewed after that date.

24 (g) Notwithstanding the other provisions of this Section,
25 for an employee who first becomes a participant on or after the
26 effective date of this amendatory Act of the 98th General

1 Assembly, "compensation" does not include any payments or
2 reimbursements for travel vouchers.

3 (Source: P.A. 96-1490, eff. 1-1-11.)

4 (40 ILCS 5/14-103.40 new)

5 Sec. 14-103.40. Tier I member. "Tier I member": A member of
6 this System who first became a member or participant before
7 January 1, 2011 under any reciprocal retirement system or
8 pension fund established under this Code other than a
9 retirement system or pension fund established under Article 2,
10 3, 4, 5, 6, or 18 of this Code.

11 (40 ILCS 5/14-103.41 new)

12 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
13 Tier I member who is receiving a retirement annuity.

14 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

15 Sec. 14-106. Membership service credit.

16 (a) After January 1, 1944, all service of a member since he
17 last became a member with respect to which contributions are
18 made shall count as membership service; provided, that for
19 service on and after July 1, 1950, 12 months of service shall
20 constitute a year of membership service, the completion of 15
21 days or more of service during any month shall constitute 1
22 month of membership service, 8 to 15 days shall constitute 1/2
23 month of membership service and less than 8 days shall

1 constitute 1/4 month of membership service. The payroll record
2 of each department shall constitute conclusive evidence of the
3 record of service rendered by a member.

4 (b) For a member who is employed and paid on an
5 academic-year basis rather than on a 12-month annual basis,
6 employment for a full academic year shall constitute a full
7 year of membership service, except that the member shall not
8 receive more than one year of membership service credit (plus
9 any additional service credit granted for unused sick leave)
10 for service during any 12-month period. This subsection (b)
11 applies to all such service for which the member has not begun
12 to receive a retirement annuity before January 1, 2001.

13 (c) A member who first participated in this System before
14 the effective date of this amendatory Act of the 98th General
15 Assembly shall be entitled to additional service credit, under
16 rules prescribed by the Board, for accumulated unused sick
17 leave credited to his account in the last Department on the
18 date of withdrawal from service or for any period for which he
19 would have been eligible to receive benefits under a sick pay
20 plan authorized by law, if he had suffered a sickness or
21 accident on the date of withdrawal from service. It shall be
22 the responsibility of the last Department to certify to the
23 Board the length of time salary or benefits would have been
24 paid to the member based upon the accumulated unused sick leave
25 or the applicable sick pay plan if he had become entitled
26 thereto because of sickness on the date that his status as an

1 employee terminated. This period of service credit granted
2 under this paragraph shall not be considered in determining the
3 date the retirement annuity is to begin, or final average
4 compensation.

5 Service credit is not available for unused sick leave
6 accumulated by a person who first participates in this System
7 on or after the effective date of this amendatory Act of the
8 98th General Assembly.

9 (Source: P.A. 92-14, eff. 6-28-01.)

10 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)
11 Sec. 14-107. Retirement annuity - service and age -
12 conditions.

13 (a) A member is entitled to a retirement annuity after
14 having at least 8 years of creditable service.

15 (b) A member who has at least 35 years of creditable
16 service may claim his or her retirement annuity at any age. A
17 member having at least 8 years of creditable service but less
18 than 35 may claim his or her retirement annuity upon or after
19 attainment of age 60 or, beginning January 1, 2001, any lesser
20 age which, when added to the number of years of his or her
21 creditable service, equals at least 85. A member upon or after
22 attainment of age 55 having at least 25 years of creditable
23 service (30 years if retirement is before January 1, 2001) may
24 elect to receive the lower retirement annuity provided in
25 paragraph (c) of Section 14-108 of this Code. For purposes of

1 the rule of 85, portions of years shall be counted in whole
2 months.

3 (c) Notwithstanding subsection (b) of this Section, for a
4 Tier I member who begins receiving a retirement annuity under
5 this Article after July 1, 2013:

6 (1) If the Tier I member is at least 45 years old on
7 the effective date of this amendatory Act of the 98th
8 General Assembly, then the references to age 55 and 60 in
9 subsection (b) of this Section remain unchanged and the
10 references to 85 in subsection (b) of this Section remain
11 unchanged.

12 (2) If the Tier I member is at least 40 but less than
13 45 years old on the effective date of this amendatory Act
14 of the 98th General Assembly, then the references to age 55
15 and 60 in subsection (b) of this Section are increased by
16 one year and the references to 85 in subsection (b) are
17 increased to 87.

18 (3) If the Tier I member is at least 35 but less than
19 40 years old on the effective date of this amendatory Act
20 of the 98th General Assembly, then the references to age 55
21 and 60 in subsection (b) of this Section are increased by 3
22 years and the references to 85 in subsection (b) are
23 increased to 91.

24 (4) If the Tier I member is less than 35 years old on
25 the effective date of this amendatory Act of the 98th
26 General Assembly, then the references to age 55 and 60 in

1 subsection (b) of this Section are increased by 5 years and
2 the references to 85 in subsection (b) are increased to 95.
3 Notwithstanding Section 1-103.1, this subsection (c)
4 applies without regard to whether or not the Tier I member is
5 in active service under this Article on or after the effective
6 date of this amendatory Act of the 98th General Assembly.

7 (d) The allowance shall begin with the first full calendar
8 month specified in the member's application therefor, the first
9 day of which shall not be before the date of withdrawal as
10 approved by the board. Regardless of the date of withdrawal,
11 the allowance need not begin within one year of application
12 therefor.

13 (Source: P.A. 91-927, eff. 12-14-00.)

14 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

15 Sec. 14-108. Amount of retirement annuity. A member who has
16 contributed to the System for at least 12 months shall be
17 entitled to a prior service annuity for each year of certified
18 prior service credited to him, except that a member shall
19 receive 1/3 of the prior service annuity for each year of
20 service for which contributions have been made and all of such
21 annuity shall be payable after the member has made
22 contributions for a period of 3 years. Proportionate amounts
23 shall be payable for service of less than a full year after
24 completion of at least 12 months.

25 The total period of service to be considered in

1 establishing the measure of prior service annuity shall include
2 service credited in the Teachers' Retirement System of the
3 State of Illinois and the State Universities Retirement System
4 for which contributions have been made by the member to such
5 systems; provided that at least 1 year of the total period of 3
6 years prescribed for the allowance of a full measure of prior
7 service annuity shall consist of membership service in this
8 system for which credit has been granted.

9 (a) In the case of a member who retires on or after January
10 1, 1998 and is a noncovered employee, the retirement annuity
11 for membership service and prior service shall be 2.2% of final
12 average compensation for each year of service. Any service
13 credit established as a covered employee shall be computed as
14 stated in paragraph (b).

15 (b) In the case of a member who retires on or after January
16 1, 1998 and is a covered employee, the retirement annuity for
17 membership service and prior service shall be computed as
18 stated in paragraph (a) for all service credit established as a
19 noncovered employee; for service credit established as a
20 covered employee it shall be 1.67% of final average
21 compensation for each year of service.

22 (c) For a member retiring after attaining age 55 but before
23 age 60 with at least 30 but less than 35 years of creditable
24 service if retirement is before January 1, 2001, or with at
25 least 25 but less than 30 years of creditable service if
26 retirement is on or after January 1, 2001, the retirement

1 annuity shall be reduced by 1/2 of 1% for each month that the
2 member's age is under age 60 at the time of retirement. For
3 members to whom subsection (c) of Section 14-107 applies, the
4 references to age 55 and 60 in this subsection (c) are
5 increased as provided in subsection (c) of Section 14-107.

6 (d) A retirement annuity shall not exceed 75% of final
7 average compensation, subject to such extension as may result
8 from the application of Section 14-114 or Section 14-115.

9 (e) The retirement annuity payable to any covered employee
10 who is a member of the System and in service on January 1,
11 1969, or in service thereafter in 1969 as a result of
12 legislation enacted by the Illinois General Assembly
13 transferring the member to State employment from county
14 employment in a county Department of Public Aid in counties of
15 3,000,000 or more population, under a plan of coordination with
16 the Old Age, Survivors and Disability provisions thereof, if
17 not fully insured for Old Age Insurance payments under the
18 Federal Old Age, Survivors and Disability Insurance provisions
19 at the date of acceptance of a retirement annuity, shall not be
20 less than the amount for which the member would have been
21 eligible if coordination were not applicable.

22 (f) The retirement annuity payable to any covered employee
23 who is a member of the System and in service on January 1,
24 1969, or in service thereafter in 1969 as a result of the
25 legislation designated in the immediately preceding paragraph,
26 if fully insured for Old Age Insurance payments under the

1 Federal Social Security Act at the date of acceptance of a
2 retirement annuity, shall not be less than an amount which when
3 added to the Primary Insurance Benefit payable to the member
4 upon attainment of age 65 under such Federal Act, will equal
5 the annuity which would otherwise be payable if the coordinated
6 plan of coverage were not applicable.

7 (g) In the case of a member who is a noncovered employee,
8 the retirement annuity for membership service as a security
9 employee of the Department of Corrections or security employee
10 of the Department of Human Services shall be: if retirement
11 occurs on or after January 1, 2001, 3% of final average
12 compensation for each year of creditable service; or if
13 retirement occurs before January 1, 2001, 1.9% of final average
14 compensation for each of the first 10 years of service, 2.1%
15 for each of the next 10 years of service, 2.25% for each year
16 of service in excess of 20 but not exceeding 30, and 2.5% for
17 each year in excess of 30; except that the annuity may be
18 calculated under subsection (a) rather than this subsection (g)
19 if the resulting annuity is greater.

20 (h) In the case of a member who is a covered employee, the
21 retirement annuity for membership service as a security
22 employee of the Department of Corrections or security employee
23 of the Department of Human Services shall be: if retirement
24 occurs on or after January 1, 2001, 2.5% of final average
25 compensation for each year of creditable service; if retirement
26 occurs before January 1, 2001, 1.67% of final average

1 compensation for each of the first 10 years of service, 1.90%
2 for each of the next 10 years of service, 2.10% for each year
3 of service in excess of 20 but not exceeding 30, and 2.30% for
4 each year in excess of 30.

5 (i) For the purposes of this Section and Section 14-133 of
6 this Act, the term "security employee of the Department of
7 Corrections" and the term "security employee of the Department
8 of Human Services" shall have the meanings ascribed to them in
9 subsection (c) of Section 14-110.

10 (j) The retirement annuity computed pursuant to paragraphs
11 (g) or (h) shall be applicable only to those security employees
12 of the Department of Corrections and security employees of the
13 Department of Human Services who have at least 20 years of
14 membership service and who are not eligible for the alternative
15 retirement annuity provided under Section 14-110. However,
16 persons transferring to this System under Section 14-108.2 or
17 14-108.2c who have service credit under Article 16 of this Code
18 may count such service toward establishing their eligibility
19 under the 20-year service requirement of this subsection; but
20 such service may be used only for establishing such
21 eligibility, and not for the purpose of increasing or
22 calculating any benefit.

23 (k) (Blank).

24 (l) The changes to this Section made by this amendatory Act
25 of 1997 (changing certain retirement annuity formulas from a
26 stepped rate to a flat rate) apply to members who retire on or

1 after January 1, 1998, without regard to whether employment
2 terminated before the effective date of this amendatory Act of
3 1997. An annuity shall not be calculated in steps by using the
4 new flat rate for some steps and the superseded stepped rate
5 for other steps of the same type of service.

6 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

7 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

8 Sec. 14-110. Alternative retirement annuity.

9 (a) Any member who has withdrawn from service with not less
10 than 20 years of eligible creditable service and has attained
11 age 55, and any member who has withdrawn from service with not
12 less than 25 years of eligible creditable service and has
13 attained age 50, regardless of whether the attainment of either
14 of the specified ages occurs while the member is still in
15 service, shall be entitled to receive at the option of the
16 member, in lieu of the regular or minimum retirement annuity, a
17 retirement annuity computed as follows:

18 (i) for periods of service as a noncovered employee: if
19 retirement occurs on or after January 1, 2001, 3% of final
20 average compensation for each year of creditable service;
21 if retirement occurs before January 1, 2001, 2 1/4% of
22 final average compensation for each of the first 10 years
23 of creditable service, 2 1/2% for each year above 10 years
24 to and including 20 years of creditable service, and 2 3/4%
25 for each year of creditable service above 20 years; and

1 (ii) for periods of eligible creditable service as a
2 covered employee: if retirement occurs on or after January
3 1, 2001, 2.5% of final average compensation for each year
4 of creditable service; if retirement occurs before January
5 1, 2001, 1.67% of final average compensation for each of
6 the first 10 years of such service, 1.90% for each of the
7 next 10 years of such service, 2.10% for each year of such
8 service in excess of 20 but not exceeding 30, and 2.30% for
9 each year in excess of 30.

10 Such annuity shall be subject to a maximum of 75% of final
11 average compensation if retirement occurs before January 1,
12 2001 or to a maximum of 80% of final average compensation if
13 retirement occurs on or after January 1, 2001.

14 These rates shall not be applicable to any service
15 performed by a member as a covered employee which is not
16 eligible creditable service. Service as a covered employee
17 which is not eligible creditable service shall be subject to
18 the rates and provisions of Section 14-108.

19 (a-5) Notwithstanding subsection (a) of this Section, for a
20 Tier I member who begins receiving a retirement annuity under
21 this Section after July 1, 2013:

22 (1) If the Tier I member is at least 45 years old on
23 the effective date of this amendatory Act of the 98th
24 General Assembly, then the references to age 50 and 55 in
25 subsection (a) of this Section remain unchanged.

26 (2) If the Tier I member is at least 40 but less than

1 45 years old on the effective date of this amendatory Act
2 of the 98th General Assembly, then the references to age 50
3 and 55 in subsection (a) of this Section are increased by
4 one year.

5 (3) If the Tier I member is at least 35 but less than
6 40 years old on the effective date of this amendatory Act
7 of the 98th General Assembly, then the references to age 50
8 and 55 in subsection (a) of this Section are increased by 3
9 years.

10 (4) If the Tier I member is less than 35 years old on
11 the effective date of this amendatory Act of the 98th
12 General Assembly, then the references to age 50 and 55 in
13 subsection (a) of this Section are increased by 5 years.

14 Notwithstanding Section 1-103.1, this subsection (a-5)
15 applies without regard to whether or not the Tier I member is
16 in active service under this Article on or after the effective
17 date of this amendatory Act of the 98th General Assembly.

18 (b) For the purpose of this Section, "eligible creditable
19 service" means creditable service resulting from service in one
20 or more of the following positions:

21 (1) State policeman;

22 (2) fire fighter in the fire protection service of a
23 department;

24 (3) air pilot;

25 (4) special agent;

26 (5) investigator for the Secretary of State;

- 1 (6) conservation police officer;
- 2 (7) investigator for the Department of Revenue or the
- 3 Illinois Gaming Board;
- 4 (8) security employee of the Department of Human
- 5 Services;
- 6 (9) Central Management Services security police
- 7 officer;
- 8 (10) security employee of the Department of
- 9 Corrections or the Department of Juvenile Justice;
- 10 (11) dangerous drugs investigator;
- 11 (12) investigator for the Department of State Police;
- 12 (13) investigator for the Office of the Attorney
- 13 General;
- 14 (14) controlled substance inspector;
- 15 (15) investigator for the Office of the State's
- 16 Attorneys Appellate Prosecutor;
- 17 (16) Commerce Commission police officer;
- 18 (17) arson investigator;
- 19 (18) State highway maintenance worker.

20 A person employed in one of the positions specified in this
21 subsection is entitled to eligible creditable service for
22 service credit earned under this Article while undergoing the
23 basic police training course approved by the Illinois Law
24 Enforcement Training Standards Board, if completion of that
25 training is required of persons serving in that position. For
26 the purposes of this Code, service during the required basic

1 police training course shall be deemed performance of the
2 duties of the specified position, even though the person is not
3 a sworn peace officer at the time of the training.

4 (c) For the purposes of this Section:

5 (1) The term "state policeman" includes any title or
6 position in the Department of State Police that is held by
7 an individual employed under the State Police Act.

8 (2) The term "fire fighter in the fire protection
9 service of a department" includes all officers in such fire
10 protection service including fire chiefs and assistant
11 fire chiefs.

12 (3) The term "air pilot" includes any employee whose
13 official job description on file in the Department of
14 Central Management Services, or in the department by which
15 he is employed if that department is not covered by the
16 Personnel Code, states that his principal duty is the
17 operation of aircraft, and who possesses a pilot's license;
18 however, the change in this definition made by this
19 amendatory Act of 1983 shall not operate to exclude any
20 noncovered employee who was an "air pilot" for the purposes
21 of this Section on January 1, 1984.

22 (4) The term "special agent" means any person who by
23 reason of employment by the Division of Narcotic Control,
24 the Bureau of Investigation or, after July 1, 1977, the
25 Division of Criminal Investigation, the Division of
26 Internal Investigation, the Division of Operations, or any

1 other Division or organizational entity in the Department
2 of State Police is vested by law with duties to maintain
3 public order, investigate violations of the criminal law of
4 this State, enforce the laws of this State, make arrests
5 and recover property. The term "special agent" includes any
6 title or position in the Department of State Police that is
7 held by an individual employed under the State Police Act.

8 (5) The term "investigator for the Secretary of State"
9 means any person employed by the Office of the Secretary of
10 State and vested with such investigative duties as render
11 him ineligible for coverage under the Social Security Act
12 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
13 218(1)(1) of that Act.

14 A person who became employed as an investigator for the
15 Secretary of State between January 1, 1967 and December 31,
16 1975, and who has served as such until attainment of age
17 60, either continuously or with a single break in service
18 of not more than 3 years duration, which break terminated
19 before January 1, 1976, shall be entitled to have his
20 retirement annuity calculated in accordance with
21 subsection (a), notwithstanding that he has less than 20
22 years of credit for such service.

23 (6) The term "Conservation Police Officer" means any
24 person employed by the Division of Law Enforcement of the
25 Department of Natural Resources and vested with such law
26 enforcement duties as render him ineligible for coverage

1 under the Social Security Act by reason of Sections
2 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The
3 term "Conservation Police Officer" includes the positions
4 of Chief Conservation Police Administrator and Assistant
5 Conservation Police Administrator.

6 (7) The term "investigator for the Department of
7 Revenue" means any person employed by the Department of
8 Revenue and vested with such investigative duties as render
9 him ineligible for coverage under the Social Security Act
10 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
11 218(1)(1) of that Act.

12 The term "investigator for the Illinois Gaming Board"
13 means any person employed as such by the Illinois Gaming
14 Board and vested with such peace officer duties as render
15 the person ineligible for coverage under the Social
16 Security Act by reason of Sections 218(d)(5)(A),
17 218(d)(8)(D), and 218(1)(1) of that Act.

18 (8) The term "security employee of the Department of
19 Human Services" means any person employed by the Department
20 of Human Services who (i) is employed at the Chester Mental
21 Health Center and has daily contact with the residents
22 thereof, (ii) is employed within a security unit at a
23 facility operated by the Department and has daily contact
24 with the residents of the security unit, (iii) is employed
25 at a facility operated by the Department that includes a
26 security unit and is regularly scheduled to work at least

1 50% of his or her working hours within that security unit,
2 or (iv) is a mental health police officer. "Mental health
3 police officer" means any person employed by the Department
4 of Human Services in a position pertaining to the
5 Department's mental health and developmental disabilities
6 functions who is vested with such law enforcement duties as
7 render the person ineligible for coverage under the Social
8 Security Act by reason of Sections 218(d)(5)(A),
9 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
10 means that portion of a facility that is devoted to the
11 care, containment, and treatment of persons committed to
12 the Department of Human Services as sexually violent
13 persons, persons unfit to stand trial, or persons not
14 guilty by reason of insanity. With respect to past
15 employment, references to the Department of Human Services
16 include its predecessor, the Department of Mental Health
17 and Developmental Disabilities.

18 The changes made to this subdivision (c)(8) by Public
19 Act 92-14 apply to persons who retire on or after January
20 1, 2001, notwithstanding Section 1-103.1.

21 (9) "Central Management Services security police
22 officer" means any person employed by the Department of
23 Central Management Services who is vested with such law
24 enforcement duties as render him ineligible for coverage
25 under the Social Security Act by reason of Sections
26 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

1 (10) For a member who first became an employee under
2 this Article before July 1, 2005, the term "security
3 employee of the Department of Corrections or the Department
4 of Juvenile Justice" means any employee of the Department
5 of Corrections or the Department of Juvenile Justice or the
6 former Department of Personnel, and any member or employee
7 of the Prisoner Review Board, who has daily contact with
8 inmates or youth by working within a correctional facility
9 or Juvenile facility operated by the Department of Juvenile
10 Justice or who is a parole officer or an employee who has
11 direct contact with committed persons in the performance of
12 his or her job duties. For a member who first becomes an
13 employee under this Article on or after July 1, 2005, the
14 term means an employee of the Department of Corrections or
15 the Department of Juvenile Justice who is any of the
16 following: (i) officially headquartered at a correctional
17 facility or Juvenile facility operated by the Department of
18 Juvenile Justice, (ii) a parole officer, (iii) a member of
19 the apprehension unit, (iv) a member of the intelligence
20 unit, (v) a member of the sort team, or (vi) an
21 investigator.

22 (11) The term "dangerous drugs investigator" means any
23 person who is employed as such by the Department of Human
24 Services.

25 (12) The term "investigator for the Department of State
26 Police" means a person employed by the Department of State

1 Police who is vested under Section 4 of the Narcotic
2 Control Division Abolition Act with such law enforcement
3 powers as render him ineligible for coverage under the
4 Social Security Act by reason of Sections 218(d)(5)(A),
5 218(d)(8)(D) and 218(1)(1) of that Act.

6 (13) "Investigator for the Office of the Attorney
7 General" means any person who is employed as such by the
8 Office of the Attorney General and is vested with such
9 investigative duties as render him ineligible for coverage
10 under the Social Security Act by reason of Sections
11 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
12 the period before January 1, 1989, the term includes all
13 persons who were employed as investigators by the Office of
14 the Attorney General, without regard to social security
15 status.

16 (14) "Controlled substance inspector" means any person
17 who is employed as such by the Department of Professional
18 Regulation and is vested with such law enforcement duties
19 as render him ineligible for coverage under the Social
20 Security Act by reason of Sections 218(d)(5)(A),
21 218(d)(8)(D) and 218(1)(1) of that Act. The term
22 "controlled substance inspector" includes the Program
23 Executive of Enforcement and the Assistant Program
24 Executive of Enforcement.

25 (15) The term "investigator for the Office of the
26 State's Attorneys Appellate Prosecutor" means a person

1 employed in that capacity on a full time basis under the
2 authority of Section 7.06 of the State's Attorneys
3 Appellate Prosecutor's Act.

4 (16) "Commerce Commission police officer" means any
5 person employed by the Illinois Commerce Commission who is
6 vested with such law enforcement duties as render him
7 ineligible for coverage under the Social Security Act by
8 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
9 218(1)(1) of that Act.

10 (17) "Arson investigator" means any person who is
11 employed as such by the Office of the State Fire Marshal
12 and is vested with such law enforcement duties as render
13 the person ineligible for coverage under the Social
14 Security Act by reason of Sections 218(d)(5)(A),
15 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
16 employed as an arson investigator on January 1, 1995 and is
17 no longer in service but not yet receiving a retirement
18 annuity may convert his or her creditable service for
19 employment as an arson investigator into eligible
20 creditable service by paying to the System the difference
21 between the employee contributions actually paid for that
22 service and the amounts that would have been contributed if
23 the applicant were contributing at the rate applicable to
24 persons with the same social security status earning
25 eligible creditable service on the date of application.

26 (18) The term "State highway maintenance worker" means

1 a person who is either of the following:

2 (i) A person employed on a full-time basis by the
3 Illinois Department of Transportation in the position
4 of highway maintainer, highway maintenance lead
5 worker, highway maintenance lead/lead worker, heavy
6 construction equipment operator, power shovel
7 operator, or bridge mechanic; and whose principal
8 responsibility is to perform, on the roadway, the
9 actual maintenance necessary to keep the highways that
10 form a part of the State highway system in serviceable
11 condition for vehicular traffic.

12 (ii) A person employed on a full-time basis by the
13 Illinois State Toll Highway Authority in the position
14 of equipment operator/laborer H-4, equipment
15 operator/laborer H-6, welder H-4, welder H-6,
16 mechanical/electrical H-4, mechanical/electrical H-6,
17 water/sewer H-4, water/sewer H-6, sign maker/hanger
18 H-4, sign maker/hanger H-6, roadway lighting H-4,
19 roadway lighting H-6, structural H-4, structural H-6,
20 painter H-4, or painter H-6; and whose principal
21 responsibility is to perform, on the roadway, the
22 actual maintenance necessary to keep the Authority's
23 tollways in serviceable condition for vehicular
24 traffic.

25 (d) A security employee of the Department of Corrections or
26 the Department of Juvenile Justice, and a security employee of

1 the Department of Human Services who is not a mental health
2 police officer, shall not be eligible for the alternative
3 retirement annuity provided by this Section unless he or she
4 meets the following minimum age and service requirements at the
5 time of retirement:

6 (i) 25 years of eligible creditable service and age 55;

7 or

8 (ii) beginning January 1, 1987, 25 years of eligible
9 creditable service and age 54, or 24 years of eligible
10 creditable service and age 55; or

11 (iii) beginning January 1, 1988, 25 years of eligible
12 creditable service and age 53, or 23 years of eligible
13 creditable service and age 55; or

14 (iv) beginning January 1, 1989, 25 years of eligible
15 creditable service and age 52, or 22 years of eligible
16 creditable service and age 55; or

17 (v) beginning January 1, 1990, 25 years of eligible
18 creditable service and age 51, or 21 years of eligible
19 creditable service and age 55; or

20 (vi) beginning January 1, 1991, 25 years of eligible
21 creditable service and age 50, or 20 years of eligible
22 creditable service and age 55.

23 For members to whom subsection (a-5) of this Section
24 applies, the references to age 50 and 55 in item (vi) of this
25 subsection are increased as provided in subsection (a-5).

26 Persons who have service credit under Article 16 of this

1 Code for service as a security employee of the Department of
2 Corrections or the Department of Juvenile Justice, or the
3 Department of Human Services in a position requiring
4 certification as a teacher may count such service toward
5 establishing their eligibility under the service requirements
6 of this Section; but such service may be used only for
7 establishing such eligibility, and not for the purpose of
8 increasing or calculating any benefit.

9 (e) If a member enters military service while working in a
10 position in which eligible creditable service may be earned,
11 and returns to State service in the same or another such
12 position, and fulfills in all other respects the conditions
13 prescribed in this Article for credit for military service,
14 such military service shall be credited as eligible creditable
15 service for the purposes of the retirement annuity prescribed
16 in this Section.

17 (f) For purposes of calculating retirement annuities under
18 this Section, periods of service rendered after December 31,
19 1968 and before October 1, 1975 as a covered employee in the
20 position of special agent, conservation police officer, mental
21 health police officer, or investigator for the Secretary of
22 State, shall be deemed to have been service as a noncovered
23 employee, provided that the employee pays to the System prior
24 to retirement an amount equal to (1) the difference between the
25 employee contributions that would have been required for such
26 service as a noncovered employee, and the amount of employee

1 contributions actually paid, plus (2) if payment is made after
2 July 31, 1987, regular interest on the amount specified in item
3 (1) from the date of service to the date of payment.

4 For purposes of calculating retirement annuities under
5 this Section, periods of service rendered after December 31,
6 1968 and before January 1, 1982 as a covered employee in the
7 position of investigator for the Department of Revenue shall be
8 deemed to have been service as a noncovered employee, provided
9 that the employee pays to the System prior to retirement an
10 amount equal to (1) the difference between the employee
11 contributions that would have been required for such service as
12 a noncovered employee, and the amount of employee contributions
13 actually paid, plus (2) if payment is made after January 1,
14 1990, regular interest on the amount specified in item (1) from
15 the date of service to the date of payment.

16 (g) A State policeman may elect, not later than January 1,
17 1990, to establish eligible creditable service for up to 10
18 years of his service as a policeman under Article 3, by filing
19 a written election with the Board, accompanied by payment of an
20 amount to be determined by the Board, equal to (i) the
21 difference between the amount of employee and employer
22 contributions transferred to the System under Section 3-110.5,
23 and the amounts that would have been contributed had such
24 contributions been made at the rates applicable to State
25 policemen, plus (ii) interest thereon at the effective rate for
26 each year, compounded annually, from the date of service to the

1 date of payment.

2 Subject to the limitation in subsection (i), a State
3 policeman may elect, not later than July 1, 1993, to establish
4 eligible creditable service for up to 10 years of his service
5 as a member of the County Police Department under Article 9, by
6 filing a written election with the Board, accompanied by
7 payment of an amount to be determined by the Board, equal to
8 (i) the difference between the amount of employee and employer
9 contributions transferred to the System under Section 9-121.10
10 and the amounts that would have been contributed had those
11 contributions been made at the rates applicable to State
12 policemen, plus (ii) interest thereon at the effective rate for
13 each year, compounded annually, from the date of service to the
14 date of payment.

15 (h) Subject to the limitation in subsection (i), a State
16 policeman or investigator for the Secretary of State may elect
17 to establish eligible creditable service for up to 12 years of
18 his service as a policeman under Article 5, by filing a written
19 election with the Board on or before January 31, 1992, and
20 paying to the System by January 31, 1994 an amount to be
21 determined by the Board, equal to (i) the difference between
22 the amount of employee and employer contributions transferred
23 to the System under Section 5-236, and the amounts that would
24 have been contributed had such contributions been made at the
25 rates applicable to State policemen, plus (ii) interest thereon
26 at the effective rate for each year, compounded annually, from

1 the date of service to the date of payment.

2 Subject to the limitation in subsection (i), a State
3 policeman, conservation police officer, or investigator for
4 the Secretary of State may elect to establish eligible
5 creditable service for up to 10 years of service as a sheriff's
6 law enforcement employee under Article 7, by filing a written
7 election with the Board on or before January 31, 1993, and
8 paying to the System by January 31, 1994 an amount to be
9 determined by the Board, equal to (i) the difference between
10 the amount of employee and employer contributions transferred
11 to the System under Section 7-139.7, and the amounts that would
12 have been contributed had such contributions been made at the
13 rates applicable to State policemen, plus (ii) interest thereon
14 at the effective rate for each year, compounded annually, from
15 the date of service to the date of payment.

16 Subject to the limitation in subsection (i), a State
17 policeman, conservation police officer, or investigator for
18 the Secretary of State may elect to establish eligible
19 creditable service for up to 5 years of service as a police
20 officer under Article 3, a policeman under Article 5, a
21 sheriff's law enforcement employee under Article 7, a member of
22 the county police department under Article 9, or a police
23 officer under Article 15 by filing a written election with the
24 Board and paying to the System an amount to be determined by
25 the Board, equal to (i) the difference between the amount of
26 employee and employer contributions transferred to the System

1 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4
2 and the amounts that would have been contributed had such
3 contributions been made at the rates applicable to State
4 policemen, plus (ii) interest thereon at the effective rate for
5 each year, compounded annually, from the date of service to the
6 date of payment.

7 Subject to the limitation in subsection (i), an
8 investigator for the Office of the Attorney General, or an
9 investigator for the Department of Revenue, may elect to
10 establish eligible creditable service for up to 5 years of
11 service as a police officer under Article 3, a policeman under
12 Article 5, a sheriff's law enforcement employee under Article
13 7, or a member of the county police department under Article 9
14 by filing a written election with the Board within 6 months
15 after August 25, 2009 (the effective date of Public Act 96-745)
16 and paying to the System an amount to be determined by the
17 Board, equal to (i) the difference between the amount of
18 employee and employer contributions transferred to the System
19 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
20 amounts that would have been contributed had such contributions
21 been made at the rates applicable to State policemen, plus (ii)
22 interest thereon at the actuarially assumed rate for each year,
23 compounded annually, from the date of service to the date of
24 payment.

25 Subject to the limitation in subsection (i), a State
26 policeman, conservation police officer, investigator for the

1 Office of the Attorney General, an investigator for the
2 Department of Revenue, or investigator for the Secretary of
3 State may elect to establish eligible creditable service for up
4 to 5 years of service as a person employed by a participating
5 municipality to perform police duties, or law enforcement
6 officer employed on a full-time basis by a forest preserve
7 district under Article 7, a county corrections officer, or a
8 court services officer under Article 9, by filing a written
9 election with the Board within 6 months after August 25, 2009
10 (the effective date of Public Act 96-745) and paying to the
11 System an amount to be determined by the Board, equal to (i)
12 the difference between the amount of employee and employer
13 contributions transferred to the System under Sections 7-139.8
14 and 9-121.10 and the amounts that would have been contributed
15 had such contributions been made at the rates applicable to
16 State policemen, plus (ii) interest thereon at the actuarially
17 assumed rate for each year, compounded annually, from the date
18 of service to the date of payment.

19 (i) The total amount of eligible creditable service
20 established by any person under subsections (g), (h), (j), (k),
21 and (l) of this Section shall not exceed 12 years.

22 (j) Subject to the limitation in subsection (i), an
23 investigator for the Office of the State's Attorneys Appellate
24 Prosecutor or a controlled substance inspector may elect to
25 establish eligible creditable service for up to 10 years of his
26 service as a policeman under Article 3 or a sheriff's law

1 enforcement employee under Article 7, by filing a written
2 election with the Board, accompanied by payment of an amount to
3 be determined by the Board, equal to (1) the difference between
4 the amount of employee and employer contributions transferred
5 to the System under Section 3-110.6 or 7-139.8, and the amounts
6 that would have been contributed had such contributions been
7 made at the rates applicable to State policemen, plus (2)
8 interest thereon at the effective rate for each year,
9 compounded annually, from the date of service to the date of
10 payment.

11 (k) Subject to the limitation in subsection (i) of this
12 Section, an alternative formula employee may elect to establish
13 eligible creditable service for periods spent as a full-time
14 law enforcement officer or full-time corrections officer
15 employed by the federal government or by a state or local
16 government located outside of Illinois, for which credit is not
17 held in any other public employee pension fund or retirement
18 system. To obtain this credit, the applicant must file a
19 written application with the Board by March 31, 1998,
20 accompanied by evidence of eligibility acceptable to the Board
21 and payment of an amount to be determined by the Board, equal
22 to (1) employee contributions for the credit being established,
23 based upon the applicant's salary on the first day as an
24 alternative formula employee after the employment for which
25 credit is being established and the rates then applicable to
26 alternative formula employees, plus (2) an amount determined by

1 the Board to be the employer's normal cost of the benefits
2 accrued for the credit being established, plus (3) regular
3 interest on the amounts in items (1) and (2) from the first day
4 as an alternative formula employee after the employment for
5 which credit is being established to the date of payment.

6 (l) Subject to the limitation in subsection (i), a security
7 employee of the Department of Corrections may elect, not later
8 than July 1, 1998, to establish eligible creditable service for
9 up to 10 years of his or her service as a policeman under
10 Article 3, by filing a written election with the Board,
11 accompanied by payment of an amount to be determined by the
12 Board, equal to (i) the difference between the amount of
13 employee and employer contributions transferred to the System
14 under Section 3-110.5, and the amounts that would have been
15 contributed had such contributions been made at the rates
16 applicable to security employees of the Department of
17 Corrections, plus (ii) interest thereon at the effective rate
18 for each year, compounded annually, from the date of service to
19 the date of payment.

20 (m) The amendatory changes to this Section made by this
21 amendatory Act of the 94th General Assembly apply only to: (1)
22 security employees of the Department of Juvenile Justice
23 employed by the Department of Corrections before the effective
24 date of this amendatory Act of the 94th General Assembly and
25 transferred to the Department of Juvenile Justice by this
26 amendatory Act of the 94th General Assembly; and (2) persons

1 employed by the Department of Juvenile Justice on or after the
2 effective date of this amendatory Act of the 94th General
3 Assembly who are required by subsection (b) of Section 3-2.5-15
4 of the Unified Code of Corrections to have a bachelor's or
5 advanced degree from an accredited college or university with a
6 specialization in criminal justice, education, psychology,
7 social work, or a closely related social science or, in the
8 case of persons who provide vocational training, who are
9 required to have adequate knowledge in the skill for which they
10 are providing the vocational training.

11 (n) A person employed in a position under subsection (b) of
12 this Section who has purchased service credit under subsection
13 (j) of Section 14-104 or subsection (b) of Section 14-105 in
14 any other capacity under this Article may convert up to 5 years
15 of that service credit into service credit covered under this
16 Section by paying to the Fund an amount equal to (1) the
17 additional employee contribution required under Section
18 14-133, plus (2) the additional employer contribution required
19 under Section 14-131, plus (3) interest on items (1) and (2) at
20 the actuarially assumed rate from the date of the service to
21 the date of payment.

22 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
23 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
24 7-2-10.)

1 Sec. 14-114. Automatic increase in retirement annuity.

2 (a) Except as provided in subsections (a-1), (a-2), and
3 (a-3) of this Section, any ~~Any~~ person receiving a retirement
4 annuity under this Article who retires having attained age 60,
5 or who retires before age 60 having at least 35 years of
6 creditable service, or who retires on or after January 1, 2001
7 at an age which, when added to the number of years of his or her
8 creditable service, equals at least 85, shall, on January 1
9 next following the first full year of retirement, have the
10 amount of the then fixed and payable monthly retirement annuity
11 increased 3%. Any person receiving a retirement annuity under
12 this Article who retires before attainment of age 60 and with
13 less than (i) 35 years of creditable service if retirement is
14 before January 1, 2001, or (ii) the number of years of
15 creditable service which, when added to the member's age, would
16 equal 85, if retirement is on or after January 1, 2001, shall
17 have the amount of the fixed and payable retirement annuity
18 increased by 3% on the January 1 occurring on or next following
19 (1) attainment of age 60, or (2) the first anniversary of
20 retirement, whichever occurs later. However, for persons who
21 receive the alternative retirement annuity under Section
22 14-110, references in this subsection (a) to attainment of age
23 60 shall be deemed to refer to attainment of age 55. For a
24 person receiving early retirement incentives under Section
25 14-108.3 whose retirement annuity began after January 1, 1992
26 pursuant to an extension granted under subsection (e) of that

1 Section, the first anniversary of retirement shall be deemed to
2 be January 1, 1993. For a person who retires on or after June
3 28, 2001 and on or before October 1, 2001, and whose retirement
4 annuity is calculated, in whole or in part, under Section
5 14-110 or subsection (g) or (h) of Section 14-108, the first
6 anniversary of retirement shall be deemed to be January 1,
7 2002.

8 On each January 1 following the date of the initial
9 increase under this subsection, the employee's monthly
10 retirement annuity shall be increased by an additional 3%.

11 Beginning January 1, 1990 and except as provided in
12 subsections (a-1), (a-2), and (a-3) of this Section, all
13 automatic annual increases payable under this Section shall be
14 calculated as a percentage of the total annuity payable at the
15 time of the increase, including previous increases granted
16 under this Article.

17 (a-1) Notwithstanding any other provision of this Article,
18 except subsection (a-3) of this Section, for a Tier I retiree,
19 the amount of each automatic annual increase in retirement
20 annuity occurring on or after the effective date of this
21 amendatory Act of the 98th General Assembly shall be 3% of the
22 lesser of (1) the total annuity payable at the time of the
23 increase, including previous increases granted or (2) \$800
24 (\$1,000 if the annuity is based primarily upon service as a
25 noncovered employee) multiplied by the number of years of
26 creditable service upon which the annuity is based.

1 (a-2) Notwithstanding any other provision of this Article,
2 except subsection (a-3) of this Section, for a Tier I retiree,
3 the monthly retirement annuity shall first be subject to annual
4 increases on the January 1 occurring on or next after the
5 attainment of age 67 or the January 1 occurring on or next
6 after the fifth anniversary of the annuity start date,
7 whichever occurs earlier. If on the effective date of this
8 amendatory Act of the 98th General Assembly a Tier I retiree
9 has already received an annual increase under this Section but
10 does not yet meet the new eligibility requirements of this
11 subsection, the annual increases already received shall
12 continue in force, but no additional annual increase shall be
13 granted until the Tier I retiree meets the new eligibility
14 requirements.

15 (a-3) If on the effective date of this amendatory Act of
16 the 98th General Assembly a Tier I retiree has already received
17 an annual increase under this Section but does not yet meet the
18 new eligibility requirements of this subsection, the annual
19 increases already received shall continue in force, but no
20 additional annual increase shall be granted until the Tier I
21 retiree meets the new eligibility requirements.

22 (a-4) Notwithstanding Section 1-103.1, subsections (a-1),
23 (a-2), and (a-3) of this Section apply without regard to
24 whether or not the Tier I retiree is in active service under
25 this Article on or after the effective date of this amendatory
26 Act of the 98th General Assembly.

1 (b) The provisions of subsection (a) of this Section shall
2 be applicable to an employee only if the employee makes the
3 additional contributions required after December 31, 1969 for
4 the purpose of the automatic increases for not less than the
5 equivalent of one full year. If an employee becomes an
6 annuitant before his additional contributions equal one full
7 year's contributions based on his salary at the date of
8 retirement, the employee may pay the necessary balance of the
9 contributions to the system, without interest, and be eligible
10 for the increasing annuity authorized by this Section.

11 (c) The provisions of subsection (a) of this Section shall
12 not be applicable to any annuitant who is on retirement on
13 December 31, 1969, and thereafter returns to State service,
14 unless the member has established at least one year of
15 additional creditable service following reentry into service.

16 (d) In addition to other increases which may be provided by
17 this Section, on January 1, 1981 any annuitant who was
18 receiving a retirement annuity on or before January 1, 1971
19 shall have his retirement annuity then being paid increased \$1
20 per month for each year of creditable service. On January 1,
21 1982, any annuitant who began receiving a retirement annuity on
22 or before January 1, 1977, shall have his retirement annuity
23 then being paid increased \$1 per month for each year of
24 creditable service.

25 On January 1, 1987, any annuitant who began receiving a
26 retirement annuity on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢
2 per year of creditable service times the number of years that
3 have elapsed since the annuity began.

4 (e) Every person who receives the alternative retirement
5 annuity under Section 14-110 and who is eligible to receive the
6 3% increase under subsection (a) on January 1, 1986, shall also
7 receive on that date a one-time increase in retirement annuity
8 equal to the difference between (1) his actual retirement
9 annuity on that date, including any increases received under
10 subsection (a), and (2) the amount of retirement annuity he
11 would have received on that date if the amendments to
12 subsection (a) made by Public Act 84-162 had been in effect
13 since the date of his retirement.

14 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
15 92-651, eff. 7-11-02.)

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

18 (a) The State shall make contributions to the System by
19 appropriations of amounts which, together with other employer
20 contributions from trust, federal, and other funds, employee
21 contributions, investment income, and other income, will be
22 sufficient to meet the cost of maintaining and administering
23 the System on a 100% ~~90%~~ funded basis in accordance with
24 actuarial recommendations by the end of State fiscal year 2044.

25 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer
2 contributions and do not include employee contributions that
3 are picked up or otherwise paid by the State or a department on
4 behalf of the employee.

5 (b) The Board shall determine the total amount of State
6 contributions required for each fiscal year on the basis of the
7 actuarial tables and other assumptions adopted by the Board,
8 using the formula in subsection (e).

9 The Board shall also determine a State contribution rate
10 for each fiscal year, expressed as a percentage of payroll,
11 based on the total required State contribution for that fiscal
12 year (less the amount received by the System from
13 appropriations under Section 8.12 of the State Finance Act and
14 Section 1 of the State Pension Funds Continuing Appropriation
15 Act, if any, for the fiscal year ending on the June 30
16 immediately preceding the applicable November 15 certification
17 deadline), the estimated payroll (including all forms of
18 compensation) for personal services rendered by eligible
19 employees, and the recommendations of the actuary.

20 For the purposes of this Section and Section 14.1 of the
21 State Finance Act, the term "eligible employees" includes
22 employees who participate in the System, persons who may elect
23 to participate in the System but have not so elected, persons
24 who are serving a qualifying period that is required for
25 participation, and annuitants employed by a department as
26 described in subdivision (a) (1) or (a) (2) of Section 14-111.

1 (c) Contributions shall be made by the several departments
2 for each pay period by warrants drawn by the State Comptroller
3 against their respective funds or appropriations based upon
4 vouchers stating the amount to be so contributed. These amounts
5 shall be based on the full rate certified by the Board under
6 Section 14-135.08 for that fiscal year. From the effective date
7 of this amendatory Act of the 93rd General Assembly through the
8 payment of the final payroll from fiscal year 2004
9 appropriations, the several departments shall not make
10 contributions for the remainder of fiscal year 2004 but shall
11 instead make payments as required under subsection (a-1) of
12 Section 14.1 of the State Finance Act. The several departments
13 shall resume those contributions at the commencement of fiscal
14 year 2005.

15 (c-1) Notwithstanding subsection (c) of this Section, for
16 fiscal years 2010, 2012, and 2013 only, contributions by the
17 several departments are not required to be made for General
18 Revenue Funds payrolls processed by the Comptroller. Payrolls
19 paid by the several departments from all other State funds must
20 continue to be processed pursuant to subsection (c) of this
21 Section.

22 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
23 or as soon as possible after the 15th day of each month, the
24 Board shall submit vouchers for payment of State contributions
25 to the System, in a total monthly amount of one-twelfth of the
26 fiscal year General Revenue Fund contribution as certified by

1 the System pursuant to Section 14-135.08 of the Illinois
2 Pension Code.

3 (d) If an employee is paid from trust funds or federal
4 funds, the department or other employer shall pay employer
5 contributions from those funds to the System at the certified
6 rate, unless the terms of the trust or the federal-State
7 agreement preclude the use of the funds for that purpose, in
8 which case the required employer contributions shall be paid by
9 the State. From the effective date of this amendatory Act of
10 the 93rd General Assembly through the payment of the final
11 payroll from fiscal year 2004 appropriations, the department or
12 other employer shall not pay contributions for the remainder of
13 fiscal year 2004 but shall instead make payments as required
14 under subsection (a-1) of Section 14.1 of the State Finance
15 Act. The department or other employer shall resume payment of
16 contributions at the commencement of fiscal year 2005.

17 (e) For State fiscal years 2015 through 2044, the minimum
18 contribution to the System to be made by the State for each
19 fiscal year shall be an amount determined by the System to be
20 equal to the sum of (1) the State's portion of the projected
21 normal cost for that fiscal year, plus (2) an amount sufficient
22 to bring the total assets of the System up to 100% of the total
23 actuarial liabilities of the System by the end of State fiscal
24 year 2044. In making these determinations, the required State
25 contribution shall be calculated each year as a level
26 percentage of payroll over the years remaining to and including

1 fiscal year 2044 and shall be determined under the projected
2 unit credit actuarial cost method.

3 For State fiscal years 2012 through 2014 ~~through 2045~~, the
4 minimum contribution to the System to be made by the State for
5 each fiscal year shall be an amount determined by the System to
6 be sufficient to bring the total assets of the System up to 90%
7 of the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

13 For State fiscal years 1996 through 2005, the State
14 contribution to the System, as a percentage of the applicable
15 employee payroll, shall be increased in equal annual increments
16 so that by State fiscal year 2011, the State is contributing at
17 the rate required under this Section; except that (i) for State
18 fiscal year 1998, for all purposes of this Code and any other
19 law of this State, the certified percentage of the applicable
20 employee payroll shall be 5.052% for employees earning eligible
21 creditable service under Section 14-110 and 6.500% for all
22 other employees, notwithstanding any contrary certification
23 made under Section 14-135.08 before the effective date of this
24 amendatory Act of 1997, and (ii) in the following specified
25 State fiscal years, the State contribution to the System shall
26 not be less than the following indicated percentages of the

1 applicable employee payroll, even if the indicated percentage
2 will produce a State contribution in excess of the amount
3 otherwise required under this subsection and subsection (a):
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution to the System for State
8 fiscal year 2006 is \$203,783,900.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution to the System for State
11 fiscal year 2007 is \$344,164,400.

12 For each of State fiscal years 2008 through 2009, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 from the required State contribution for State fiscal year
16 2007, so that by State fiscal year 2011, the State is
17 contributing at the rate otherwise required under this Section.

18 Notwithstanding any other provision of this Article, the
19 total required State General Revenue Fund contribution for
20 State fiscal year 2010 is \$723,703,100 and shall be made from
21 the proceeds of bonds sold in fiscal year 2010 pursuant to
22 Section 7.2 of the General Obligation Bond Act, less (i) the
23 pro rata share of bond sale expenses determined by the System's
24 share of total bond proceeds, (ii) any amounts received from
25 the General Revenue Fund in fiscal year 2010, and (iii) any
26 reduction in bond proceeds due to the issuance of discounted

1 bonds, if applicable.

2 Notwithstanding any other provision of this Article, the
3 total required State General Revenue Fund contribution for
4 State fiscal year 2011 is the amount recertified by the System
5 on or before April 1, 2011 pursuant to Section 14-135.08 and
6 shall be made from the proceeds of bonds sold in fiscal year
7 2011 pursuant to Section 7.2 of the General Obligation Bond
8 Act, less (i) the pro rata share of bond sale expenses
9 determined by the System's share of total bond proceeds, (ii)
10 any amounts received from the General Revenue Fund in fiscal
11 year 2011, and (iii) any reduction in bond proceeds due to the
12 issuance of discounted bonds, if applicable.

13 Beginning in State fiscal year 2045, the minimum State
14 contribution for each fiscal year shall be the amount needed to
15 maintain the total assets of the System at 100% of the total
16 actuarial liabilities of the System.

17 ~~Beginning in State fiscal year 2046, the minimum State~~
18 ~~contribution for each fiscal year shall be the amount needed to~~
19 ~~maintain the total assets of the System at 90% of the total~~
20 ~~actuarial liabilities of the System.~~

21 Amounts received by the System pursuant to Section 25 of
22 the Budget Stabilization Act or Section 8.12 of the State
23 Finance Act in any fiscal year do not reduce and do not
24 constitute payment of any portion of the minimum State
25 contribution required under this Article in that fiscal year.
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100% ~~90%~~. A reference in this Article
4 to the "required State contribution" or any substantially
5 similar term does not include or apply to any amounts payable
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter through State
10 fiscal year 2014, as calculated under this Section and
11 certified under Section 14-135.08, shall not exceed an amount
12 equal to (i) the amount of the required State contribution that
13 would have been calculated under this Section for that fiscal
14 year if the System had not received any payments under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act, minus (ii) the portion of the State's total debt service
17 payments for that fiscal year on the bonds issued in fiscal
18 year 2003 for the purposes of that Section 7.2, as determined
19 and certified by the Comptroller, that is the same as the
20 System's portion of the total moneys distributed under
21 subsection (d) of Section 7.2 of the General Obligation Bond
22 Act. In determining this maximum for State fiscal years 2008
23 through 2010, however, the amount referred to in item (i) shall
24 be increased, as a percentage of the applicable employee
25 payroll, in equal increments calculated from the sum of the
26 required State contribution for State fiscal year 2007 plus the

1 applicable portion of the State's total debt service payments
2 for fiscal year 2007 on the bonds issued in fiscal year 2003
3 for the purposes of Section 7.2 of the General Obligation Bond
4 Act, so that, by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 (f) After the submission of all payments for eligible
7 employees from personal services line items in fiscal year 2004
8 have been made, the Comptroller shall provide to the System a
9 certification of the sum of all fiscal year 2004 expenditures
10 for personal services that would have been covered by payments
11 to the System under this Section if the provisions of this
12 amendatory Act of the 93rd General Assembly had not been
13 enacted. Upon receipt of the certification, the System shall
14 determine the amount due to the System based on the full rate
15 certified by the Board under Section 14-135.08 for fiscal year
16 2004 in order to meet the State's obligation under this
17 Section. The System shall compare this amount due to the amount
18 received by the System in fiscal year 2004 through payments
19 under this Section and under Section 6z-61 of the State Finance
20 Act. If the amount due is more than the amount received, the
21 difference shall be termed the "Fiscal Year 2004 Shortfall" for
22 purposes of this Section, and the Fiscal Year 2004 Shortfall
23 shall be satisfied under Section 1.2 of the State Pension Funds
24 Continuing Appropriation Act. If the amount due is less than
25 the amount received, the difference shall be termed the "Fiscal
26 Year 2004 Overpayment" for purposes of this Section, and the

1 Fiscal Year 2004 Overpayment shall be repaid by the System to
2 the Pension Contribution Fund as soon as practicable after the
3 certification.

4 (g) For purposes of determining the required State
5 contribution to the System, the value of the System's assets
6 shall be equal to the actuarial value of the System's assets,
7 which shall be calculated as follows:

8 As of June 30, 2008, the actuarial value of the System's
9 assets shall be equal to the market value of the assets as of
10 that date. In determining the actuarial value of the System's
11 assets for fiscal years after June 30, 2008, any actuarial
12 gains or losses from investment return incurred in a fiscal
13 year shall be recognized in equal annual amounts over the
14 5-year period following that fiscal year.

15 (h) For purposes of determining the required State
16 contribution to the System for a particular year, the actuarial
17 value of assets shall be assumed to earn a rate of return equal
18 to the System's actuarially assumed rate of return.

19 (i) After the submission of all payments for eligible
20 employees from personal services line items paid from the
21 General Revenue Fund in fiscal year 2010 have been made, the
22 Comptroller shall provide to the System a certification of the
23 sum of all fiscal year 2010 expenditures for personal services
24 that would have been covered by payments to the System under
25 this Section if the provisions of this amendatory Act of the
26 96th General Assembly had not been enacted. Upon receipt of the

1 certification, the System shall determine the amount due to the
2 System based on the full rate certified by the Board under
3 Section 14-135.08 for fiscal year 2010 in order to meet the
4 State's obligation under this Section. The System shall compare
5 this amount due to the amount received by the System in fiscal
6 year 2010 through payments under this Section. If the amount
7 due is more than the amount received, the difference shall be
8 termed the "Fiscal Year 2010 Shortfall" for purposes of this
9 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
10 under Section 1.2 of the State Pension Funds Continuing
11 Appropriation Act. If the amount due is less than the amount
12 received, the difference shall be termed the "Fiscal Year 2010
13 Overpayment" for purposes of this Section, and the Fiscal Year
14 2010 Overpayment shall be repaid by the System to the General
15 Revenue Fund as soon as practicable after the certification.

16 (j) After the submission of all payments for eligible
17 employees from personal services line items paid from the
18 General Revenue Fund in fiscal year 2011 have been made, the
19 Comptroller shall provide to the System a certification of the
20 sum of all fiscal year 2011 expenditures for personal services
21 that would have been covered by payments to the System under
22 this Section if the provisions of this amendatory Act of the
23 96th General Assembly had not been enacted. Upon receipt of the
24 certification, the System shall determine the amount due to the
25 System based on the full rate certified by the Board under
26 Section 14-135.08 for fiscal year 2011 in order to meet the

1 State's obligation under this Section. The System shall compare
2 this amount due to the amount received by the System in fiscal
3 year 2011 through payments under this Section. If the amount
4 due is more than the amount received, the difference shall be
5 termed the "Fiscal Year 2011 Shortfall" for purposes of this
6 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
7 under Section 1.2 of the State Pension Funds Continuing
8 Appropriation Act. If the amount due is less than the amount
9 received, the difference shall be termed the "Fiscal Year 2011
10 Overpayment" for purposes of this Section, and the Fiscal Year
11 2011 Overpayment shall be repaid by the System to the General
12 Revenue Fund as soon as practicable after the certification.

13 (k) For fiscal years 2012 and 2013 only, after the
14 submission of all payments for eligible employees from personal
15 services line items paid from the General Revenue Fund in the
16 fiscal year have been made, the Comptroller shall provide to
17 the System a certification of the sum of all expenditures in
18 the fiscal year for personal services. Upon receipt of the
19 certification, the System shall determine the amount due to the
20 System based on the full rate certified by the Board under
21 Section 14-135.08 for the fiscal year in order to meet the
22 State's obligation under this Section. The System shall compare
23 this amount due to the amount received by the System for the
24 fiscal year. If the amount due is more than the amount
25 received, the difference shall be termed the "Prior Fiscal Year
26 Shortfall" for purposes of this Section, and the Prior Fiscal

1 Year Shortfall shall be satisfied under Section 1.2 of the
2 State Pension Funds Continuing Appropriation Act. If the amount
3 due is less than the amount received, the difference shall be
4 termed the "Prior Fiscal Year Overpayment" for purposes of this
5 Section, and the Prior Fiscal Year Overpayment shall be repaid
6 by the System to the General Revenue Fund as soon as
7 practicable after the certification.

8 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
9 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
10 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
11 eff. 6-30-12.)

12 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

13 Sec. 14-132. Obligations of State; funding guarantee.

14 (a) The payment of the required department contributions,
15 all allowances, annuities, benefits granted under this
16 Article, and all expenses of administration of the system are
17 obligations of the State of Illinois to the extent specified in
18 this Article.

19 (b) All income of the system shall be credited to a
20 separate account for this system in the State treasury and
21 shall be used to pay allowances, annuities, benefits and
22 administration expense.

23 (c) Beginning July 1, 2013, the State shall be
24 contractually obligated to contribute to the System under
25 Section 14-131 in each State fiscal year an amount not less

1 than the sum of (i) the State's normal cost for that year and
2 (ii) the portion of the unfunded accrued liability assigned to
3 that year by law in accordance with a schedule that distributes
4 payments equitably over a reasonable period of time and in
5 accordance with accepted actuarial practices. The obligations
6 created under this subsection (c) are contractual obligations
7 protected and enforceable under Article I, Section 16 and
8 Article XIII, Section 5 of the Illinois Constitution.

9 Notwithstanding any other provision of law, if the State
10 fails to pay in a State fiscal year the amount guaranteed under
11 this subsection, the System may bring a mandamus action in the
12 Circuit Court of Sangamon County to compel the State to make
13 that payment, irrespective of other remedies that may be
14 available to the System. It shall be the mandatory fiduciary
15 obligation of the Board of the System to bring that action if
16 the State fails to pay in the fiscal year the amount guaranteed
17 under this subsection. Before commencing that action, the Board
18 shall submit a voucher for monthly contributions as required in
19 Section 14-131. If the State fails to pay a vouchered amount
20 within 90 days after receiving a voucher for that amount, then
21 the Board shall submit a written request to the Comptroller
22 seeking payment of that amount. A copy of the request shall be
23 filed with the Secretary of State, and the Secretary of State
24 shall provide copies of the request to the Governor and General
25 Assembly. No earlier than the 16th day after filing a request
26 with the Secretary, but no later than the 21st day after filing

1 that request, the Board may commence such an action in the
2 Circuit Court. If the Board fails to commence such action on or
3 before the 21st day after filing the request with the Secretary
4 of State, then any participant or annuitant may file a mandamus
5 action against the Board to compel the Board to commence its
6 mandamus action against the State. This Section constitutes an
7 express waiver of the State's sovereign immunity. In ordering
8 the State to make the required payment, the court may order a
9 reasonable payment schedule to enable the State to make the
10 required payment. The obligations and causes of action created
11 under this subsection shall be in addition to any other right
12 or remedy otherwise accorded by common law, or State or federal
13 law, and nothing in this subsection shall be construed to deny,
14 abrogate, impair, or waive any such common law or statutory
15 right or remedy.

16 Any payments required to be made by the State pursuant to
17 this subsection (c) are expressly subordinated to the payment
18 of the principal, interest, and premium, if any, on any bonded
19 debt obligation of the State or any other State-created entity,
20 either currently outstanding or to be issued, for which the
21 source of repayment or security thereon is derived directly or
22 indirectly from tax revenues collected by the State or any
23 other State-created entity. Payments on such bonded
24 obligations include any statutory fund transfers or other
25 prefunding mechanisms or formulas set forth, now or hereafter,
26 in State law or bond indentures, into debt service funds or

1 accounts of the State related to such bonded obligations,
2 consistent with the payment schedules associated with such
3 obligations.

4 (Source: P.A. 80-841.)

5 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

6 Sec. 14-133. Contributions on behalf of members.

7 (a) Each participating employee shall make contributions
8 to the System, based on the employee's compensation, as
9 follows:

10 (1) Covered employees, except as indicated below, 3.5%
11 for retirement annuity, and 0.5% for a widow or survivors
12 annuity;

13 (2) Noncovered employees, except as indicated below,
14 7% for retirement annuity and 1% for a widow or survivors
15 annuity;

16 (3) Noncovered employees serving in a position in which
17 "eligible creditable service" as defined in Section 14-110
18 may be earned, 1% for a widow or survivors annuity plus the
19 following amount for retirement annuity: 8.5% through
20 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
21 in 2004 and thereafter;

22 (4) Covered employees serving in a position in which
23 "eligible creditable service" as defined in Section 14-110
24 may be earned, 0.5% for a widow or survivors annuity plus
25 the following amount for retirement annuity: 5% through

1 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
2 and thereafter;

3 (5) Each security employee of the Department of
4 Corrections or of the Department of Human Services who is a
5 covered employee, 0.5% for a widow or survivors annuity
6 plus the following amount for retirement annuity: 5%
7 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
8 in 2004 and thereafter;

9 (6) Each security employee of the Department of
10 Corrections or of the Department of Human Services who is
11 not a covered employee, 1% for a widow or survivors annuity
12 plus the following amount for retirement annuity: 8.5%
13 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
14 11.5% in 2004 and thereafter.

15 (a-5) In addition to the contributions otherwise required
16 under this Article, each Tier I member shall also make the
17 following contributions for retirement annuity from each
18 payment of compensation:

19 (1) beginning July 1, 2013 and through June 30, 2014,
20 1% of compensation; and

21 (2) beginning on July 1, 2014, 2% of compensation.

22 (b) Contributions shall be in the form of a deduction from
23 compensation and shall be made notwithstanding that the
24 compensation paid in cash to the employee shall be reduced
25 thereby below the minimum prescribed by law or regulation. Each
26 member is deemed to consent and agree to the deductions from

1 compensation provided for in this Article, and shall receipt in
2 full for salary or compensation.

3 (Source: P.A. 92-14, eff. 6-28-01.)

4 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

5 Sec. 14-135.08. To certify required State contributions.

6 (a) To certify to the Governor and to each department, on
7 or before November 15 of each year through ~~until~~ November 15,
8 2011, the required rate for State contributions to the System
9 for the next State fiscal year, as determined under subsection
10 (b) of Section 14-131. The certification to the Governor under
11 this subsection (a) shall include a copy of the actuarial
12 recommendations upon which the rate is based ~~and shall~~
13 ~~specifically identify the System's projected State normal cost~~
14 ~~for that fiscal year.~~

15 (a-5) On or before November 1 of each year, beginning
16 November 1, 2012, the Board shall submit to the State Actuary,
17 the Governor, and the General Assembly a proposed certification
18 of the amount of the required State contribution to the System
19 for the next fiscal year, along with all of the actuarial
20 assumptions, calculations, and data upon which that proposed
21 certification is based. On or before January 1 of each year,
22 beginning January 1, 2013, the State Actuary shall issue a
23 preliminary report concerning the proposed certification and
24 identifying, if necessary, recommended changes in actuarial
25 assumptions that the Board must consider before finalizing its

1 certification of the required State contributions.

2 On or before January 15, 2013 and each January 15
3 thereafter, the Board shall certify to the Governor and the
4 General Assembly the amount of the required State contribution
5 for the next fiscal year. The certification shall include a
6 copy of the actuarial recommendations upon which it is based
7 and shall specifically identify the System's projected State
8 normal cost for that fiscal year. The Board's certification
9 must note any deviations from the State Actuary's recommended
10 changes, the reason or reasons for not following the State
11 Actuary's recommended changes, and the fiscal impact of not
12 following the State Actuary's recommended changes on the
13 required State contribution.

14 (b) The certifications under subsections (a) and (a-5)
15 shall include an additional amount necessary to pay all
16 principal of and interest on those general obligation bonds due
17 the next fiscal year authorized by Section 7.2(a) of the
18 General Obligation Bond Act and issued to provide the proceeds
19 deposited by the State with the System in July 2003,
20 representing deposits other than amounts reserved under
21 Section 7.2(c) of the General Obligation Bond Act. For State
22 fiscal year 2005, the Board shall make a supplemental
23 certification of the additional amount necessary to pay all
24 principal of and interest on those general obligation bonds due
25 in State fiscal years 2004 and 2005 authorized by Section
26 7.2(a) of the General Obligation Bond Act and issued to provide

1 the proceeds deposited by the State with the System in July
2 2003, representing deposits other than amounts reserved under
3 Section 7.2(c) of the General Obligation Bond Act, as soon as
4 practical after the effective date of this amendatory Act of
5 the 93rd General Assembly.

6 On or before May 1, 2004, the Board shall recalculate and
7 recertify to the Governor and to each department the amount of
8 the required State contribution to the System and the required
9 rates for State contributions to the System for State fiscal
10 year 2005, taking into account the amounts appropriated to and
11 received by the System under subsection (d) of Section 7.2 of
12 the General Obligation Bond Act.

13 On or before July 1, 2005, the Board shall recalculate and
14 recertify to the Governor and to each department the amount of
15 the required State contribution to the System and the required
16 rates for State contributions to the System for State fiscal
17 year 2006, taking into account the changes in required State
18 contributions made by this amendatory Act of the 94th General
19 Assembly.

20 On or before April 1, 2011, the Board shall recalculate and
21 recertify to the Governor and to each department the amount of
22 the required State contribution to the System for State fiscal
23 year 2011, applying the changes made by Public Act 96-889 to
24 the System's assets and liabilities as of June 30, 2009 as
25 though Public Act 96-889 was approved on that date.

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/14-152.1)

3 Sec. 14-152.1. Application and expiration of new benefit
4 increases.

5 (a) As used in this Section, "new benefit increase" means
6 an increase in the amount of any benefit provided under this
7 Article, or an expansion of the conditions of eligibility for
8 any benefit under this Article, that results from an amendment
9 to this Code that takes effect after June 1, 2005 (the
10 effective date of Public Act 94-4). "New benefit increase",
11 however, does not include any benefit increase resulting from
12 the changes made to this Article by Public Act 96-37 or by this
13 amendatory Act of the 98th ~~96th~~ General Assembly.

14 (b) Notwithstanding any other provision of this Code or any
15 subsequent amendment to this Code, every new benefit increase
16 is subject to this Section and shall be deemed to be granted
17 only in conformance with and contingent upon compliance with
18 the provisions of this Section.

19 (c) The Public Act enacting a new benefit increase must
20 identify and provide for payment to the System of additional
21 funding at least sufficient to fund the resulting annual
22 increase in cost to the System as it accrues.

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and

1 Accountability shall analyze whether adequate additional
2 funding has been provided for the new benefit increase and
3 shall report its analysis to the Public Pension Division of the
4 Department of Financial and Professional Regulation. A new
5 benefit increase created by a Public Act that does not include
6 the additional funding required under this subsection is null
7 and void. If the Public Pension Division determines that the
8 additional funding provided for a new benefit increase under
9 this subsection is or has become inadequate, it may so certify
10 to the Governor and the State Comptroller and, in the absence
11 of corrective action by the General Assembly, the new benefit
12 increase shall expire at the end of the fiscal year in which
13 the certification is made.

14 (d) Every new benefit increase shall expire 5 years after
15 its effective date or on such earlier date as may be specified
16 in the language enacting the new benefit increase or provided
17 under subsection (c). This does not prevent the General
18 Assembly from extending or re-creating a new benefit increase
19 by law.

20 (e) Except as otherwise provided in the language creating
21 the new benefit increase, a new benefit increase that expires
22 under this Section continues to apply to persons who applied
23 and qualified for the affected benefit while the new benefit
24 increase was in effect and to the affected beneficiaries and
25 alternate payees of such persons, but does not apply to any
26 other person, including without limitation a person who

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

4 (Source: P.A. 96-37, eff. 7-13-09.)

5 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

6 Sec. 15-106. Employer. "Employer": The University of
7 Illinois, Southern Illinois University, Chicago State
8 University, Eastern Illinois University, Governors State
9 University, Illinois State University, Northeastern Illinois
10 University, Northern Illinois University, Western Illinois
11 University, the State Board of Higher Education, the Illinois
12 Mathematics and Science Academy, the University Civil Service
13 Merit Board, the Board of Trustees of the State Universities
14 Retirement System, the Illinois Community College Board,
15 community college boards, any association of community college
16 boards organized under Section 3-55 of the Public Community
17 College Act, the Board of Examiners established under the
18 Illinois Public Accounting Act, and, only during the period for
19 which employer contributions required under Section 15-155 are
20 paid, the following organizations: the alumni associations,
21 the foundations and the athletic associations which are
22 affiliated with the universities and colleges included in this
23 Section as employers. An individual that begins employment
24 after the effective date of this amendatory Act of the 98th
25 General Assembly with an entity not defined as an employer in

1 this Section shall not be deemed an employee for the purposes
2 of this Article with respect to that employment and shall not
3 be eligible to participate in the System with respect to that
4 employment; provided, however, that those individuals who are
5 employed by such an employer and already participants in the
6 System on the effective date of this amendatory Act of the 98th
7 General Assembly shall be entitled to remain participants in
8 the System for the duration of that employment and continue to
9 earn service credit.

10 Notwithstanding any provision of law to the contrary, an
11 individual who begins employment with any of the following
12 employers on or after the effective date of this amendatory Act
13 of the 98th General Assembly shall not be deemed an employee
14 and shall not be eligible to participate in the System with
15 respect to that employment: any association of community
16 college boards organized under Section 3-55 of the Public
17 Community College Act, the Association of Illinois
18 Middle-Grade Schools, the Illinois Association of School
19 Administrators, the Illinois Association for Supervision and
20 Curriculum Development, the Illinois Principals Association,
21 the Illinois Association of School Business Officials, or the
22 Illinois Special Olympics; provided, however, that those
23 individuals who are employed by the above listed employers and
24 already participants in the System on the effective date of
25 this amendatory Act of the 98th General Assembly shall be
26 entitled to remain participants in the System for the duration

1 of that employment and continue to earn service credit.

2 A department as defined in Section 14-103.04 is an employer
3 for any person appointed by the Governor under the Civil
4 Administrative Code of Illinois who is a participating employee
5 as defined in Section 15-109. The Department of Central
6 Management Services is an employer with respect to persons
7 employed by the State Board of Higher Education in positions
8 with the Illinois Century Network as of June 30, 2004 who
9 remain continuously employed after that date by the Department
10 of Central Management Services in positions with the Illinois
11 Century Network, the Bureau of Communication and Computer
12 Services, or, if applicable, any successor bureau.

13 The cities of Champaign and Urbana shall be considered
14 employers, but only during the period for which contributions
15 are required to be made under subsection (b-1) of Section
16 15-155 and only with respect to individuals described in
17 subsection (h) of Section 15-107.

18 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
19 Sec. 999.)

20 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

21 Sec. 15-107. Employee.

22 (a) "Employee" means any member of the educational,
23 administrative, secretarial, clerical, mechanical, labor or
24 other staff of an employer whose employment is permanent and
25 continuous or who is employed in a position in which services

1 are expected to be rendered on a continuous basis for at least
2 4 months or one academic term, whichever is less, who (A)
3 receives payment for personal services on a warrant issued
4 pursuant to a payroll voucher certified by an employer and
5 drawn by the State Comptroller upon the State Treasurer or by
6 an employer upon trust, federal or other funds, or (B) is on a
7 leave of absence without pay. Employment which is irregular,
8 intermittent or temporary shall not be considered continuous
9 for purposes of this paragraph.

10 However, a person is not an "employee" if he or she:

11 (1) is a student enrolled in and regularly attending
12 classes in a college or university which is an employer,
13 and is employed on a temporary basis at less than full
14 time;

15 (2) is currently receiving a retirement annuity or a
16 disability retirement annuity under Section 15-153.2 from
17 this System;

18 (3) is on a military leave of absence;

19 (4) is eligible to participate in the Federal Civil
20 Service Retirement System and is currently making
21 contributions to that system based upon earnings paid by an
22 employer;

23 (5) is on leave of absence without pay for more than 60
24 days immediately following termination of disability
25 benefits under this Article;

26 (6) is hired after June 30, 1979 as a public service

1 employment program participant under the Federal
2 Comprehensive Employment and Training Act and receives
3 earnings in whole or in part from funds provided under that
4 Act; or

5 (7) is employed on or after July 1, 1991 to perform
6 services that are excluded by subdivision (a)(7)(f) or
7 (a)(19) of Section 210 of the federal Social Security Act
8 from the definition of employment given in that Section (42
9 U.S.C. 410).

10 (b) Any employer may, by filing a written notice with the
11 board, exclude from the definition of "employee" all persons
12 employed pursuant to a federally funded contract entered into
13 after July 1, 1982 with a federal military department in a
14 program providing training in military courses to federal
15 military personnel on a military site owned by the United
16 States Government, if this exclusion is not prohibited by the
17 federally funded contract or federal laws or rules governing
18 the administration of the contract.

19 (c) Any person appointed by the Governor under the Civil
20 Administrative Code of the State is an employee, if he or she
21 is a participant in this system on the effective date of the
22 appointment.

23 (d) A participant on lay-off status under civil service
24 rules is considered an employee for not more than 120 days from
25 the date of the lay-off.

26 (e) A participant is considered an employee during (1) the

1 first 60 days of disability leave, (2) the period, not to
2 exceed one year, in which his or her eligibility for disability
3 benefits is being considered by the board or reviewed by the
4 courts, and (3) the period he or she receives disability
5 benefits under the provisions of Section 15-152, workers'
6 compensation or occupational disease benefits, or disability
7 income under an insurance contract financed wholly or partially
8 by the employer.

9 (f) Absences without pay, other than formal leaves of
10 absence, of less than 30 calendar days, are not considered as
11 an interruption of a person's status as an employee. If such
12 absences during any period of 12 months exceed 30 work days,
13 the employee status of the person is considered as interrupted
14 as of the 31st work day.

15 (g) A staff member whose employment contract requires
16 services during an academic term is to be considered an
17 employee during the summer and other vacation periods, unless
18 he or she declines an employment contract for the succeeding
19 academic term or his or her employment status is otherwise
20 terminated, and he or she receives no earnings during these
21 periods.

22 (h) An individual who was a participating employee employed
23 in the fire department of the University of Illinois's
24 Champaign-Urbana campus immediately prior to the elimination
25 of that fire department and who immediately after the
26 elimination of that fire department became employed by the fire

1 department of the City of Urbana or the City of Champaign shall
2 continue to be considered as an employee for purposes of this
3 Article for so long as the individual remains employed as a
4 firefighter by the City of Urbana or the City of Champaign. The
5 individual shall cease to be considered an employee under this
6 subsection (h) upon the first termination of the individual's
7 employment as a firefighter by the City of Urbana or the City
8 of Champaign.

9 (i) An individual who is employed on a full-time basis as
10 an officer or employee of a statewide teacher organization that
11 serves System participants or an officer of a national teacher
12 organization that serves System participants may participate
13 in the System and shall be deemed an employee, provided that
14 (1) the individual has previously earned creditable service
15 under this Article, (2) the individual files with the System an
16 irrevocable election to become a participant before the
17 effective date of this amendatory Act of the 97th General
18 Assembly, (3) the individual does not receive credit for that
19 employment under any other Article of this Code, and (4) the
20 individual first became a full-time employee of the teacher
21 organization and becomes a participant before the effective
22 date of this amendatory Act of the 97th General Assembly. An
23 employee under this subsection (i) is responsible for paying to
24 the System both (A) employee contributions based on the actual
25 compensation received for service with the teacher
26 organization and (B) employer contributions equal to the normal

1 costs (as defined in Section 15-155) resulting from that
2 service; all or any part of these contributions may be paid on
3 the employee's behalf or picked up for tax purposes (if
4 authorized under federal law) by the teacher organization.

5 A person who is an employee as defined in this subsection
6 (i) may establish service credit for similar employment prior
7 to becoming an employee under this subsection by paying to the
8 System for that employment the contributions specified in this
9 subsection, plus interest at the effective rate from the date
10 of service to the date of payment. However, credit shall not be
11 granted under this subsection for any such prior employment for
12 which the applicant received credit under any other provision
13 of this Code, or during which the applicant was on a leave of
14 absence under Section 15-113.2.

15 (j) A person employed by the State Board of Higher
16 Education in a position with the Illinois Century Network as of
17 June 30, 2004 shall be considered to be an employee for so long
18 as he or she remains continuously employed after that date by
19 the Department of Central Management Services in a position
20 with the Illinois Century Network, the Bureau of Communication
21 and Computer Services, or, if applicable, any successor bureau
22 and meets the requirements of subsection (a).

23 (k) In the case of doubt as to whether any person is an
24 employee within the meaning of this Section, the decision of
25 the Board shall be final.

26 (Source: P.A. 97-651, eff. 1-5-12.)

1 (40 ILCS 5/15-107.1 new)

2 Sec. 15-107.1. Tier I participant. "Tier I participant": A
3 participant under this Article, other than a participant in the
4 self-managed plan under Section 15-158.2, who first became a
5 member or participant before January 1, 2011 under any
6 reciprocal retirement system or pension fund established under
7 this Code other than a retirement system or pension fund
8 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

9 (40 ILCS 5/15-107.2 new)

10 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
11 Tier I participant who is receiving a retirement annuity.

12 A person does not become a Tier I retiree by virtue of
13 receiving a reversionary, survivors, beneficiary, or
14 disability annuity.

15 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

16 Sec. 15-111. Earnings. "Earnings": An amount paid for
17 personal services equal to the sum of the basic compensation
18 plus extra compensation for summer teaching, overtime or other
19 extra service. For periods for which an employee receives
20 service credit under subsection (c) of Section 15-113.1 or
21 Section 15-113.2, earnings are equal to the basic compensation
22 on which contributions are paid by the employee during such
23 periods. Compensation for employment which is irregular,

1 intermittent and temporary shall not be considered earnings,
2 unless the participant is also receiving earnings from the
3 employer as an employee under Section 15-107.

4 With respect to transition pay paid by the University of
5 Illinois to a person who was a participating employee employed
6 in the fire department of the University of Illinois's
7 Champaign-Urbana campus immediately prior to the elimination
8 of that fire department:

9 (1) "Earnings" includes transition pay paid to the
10 employee on or after the effective date of this amendatory
11 Act of the 91st General Assembly.

12 (2) "Earnings" includes transition pay paid to the
13 employee before the effective date of this amendatory Act
14 of the 91st General Assembly only if (i) employee
15 contributions under Section 15-157 have been withheld from
16 that transition pay or (ii) the employee pays to the System
17 before January 1, 2001 an amount representing employee
18 contributions under Section 15-157 on that transition pay.
19 Employee contributions under item (ii) may be paid in a
20 lump sum, by withholding from additional transition pay
21 accruing before January 1, 2001, or in any other manner
22 approved by the System. Upon payment of the employee
23 contributions on transition pay, the corresponding
24 employer contributions become an obligation of the State.

25 Notwithstanding any other provision of this Code, the
26 earnings of a Tier I participant for the purposes of this Code

1 shall not exceed, for periods of service on or after the
2 effective date of this amendatory Act of the 98th General
3 Assembly, the greater of (i) the annual contribution and
4 benefit base established for the applicable year by the
5 Commissioner of Social Security under the federal Social
6 Security Act or (ii) the annual earnings of the participant
7 during the 365 days immediately preceding that effective date;
8 except that this limitation does not apply to a participant's
9 earnings that are determined under an employment contract or
10 collective bargaining agreement that is in effect on the
11 effective date of this amendatory Act of the 98th General
12 Assembly and has not been amended or renewed after that date.

13 (Source: P.A. 91-887, eff. 7-6-00.)

14 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

15 Sec. 15-113.2. Service for leaves of absence. "Service for
16 leaves of absence" includes those periods of leaves of absence
17 at less than 50% pay, except military leave and periods of
18 disability leave in excess of 60 days, for which the employee
19 pays the contributions required under Section 15-157 in
20 accordance with rules prescribed by the board based upon the
21 employee's basic compensation on the date the leave begins, or
22 in the case of leave for service with a teacher organization,
23 based upon the actual compensation received by the employee for
24 such service after January 26, 1988, if the employee so elects
25 within 30 days of that date or the date the leave for service

1 with a teacher organization begins, whichever is later;
2 provided that the employee (1) returns to employment covered by
3 this system at the expiration of the leave, or within 30 days
4 after the termination of a disability which occurs during the
5 leave and continues this employment at a percentage of time
6 equal to or greater than the percentage of time immediately
7 preceding the leave of absence for at least 8 consecutive
8 months or a period equal to the period of the leave, whichever
9 is less, or (2) is precluded from meeting the foregoing
10 conditions because of disability or death. If service credit is
11 denied because the employee fails to meet these conditions, the
12 contributions covering the leave of absence shall be refunded
13 without interest. The return to employment condition does not
14 apply if the leave of absence is for service with a teacher
15 organization.

16 Service credit provided under this Section shall not exceed
17 3 years in any period of 10 years, unless the employee is on
18 special leave granted by the employer for service with a
19 teacher organization. Commencing with the fourth year in any
20 period of 10 years, a participant on such special leave is also
21 required to pay employer contributions equal to the normal cost
22 as defined in Section 15-155, based upon the employee's basic
23 compensation on the date the leave begins, or based upon the
24 actual compensation received by the employee for service with a
25 teacher organization if the employee has so elected.

26 Notwithstanding any other provision of this Article, a

1 participant shall not be eligible to make contributions or
2 receive service credit for a leave of absence for service with
3 a teacher organization if that leave of absence for service
4 with a teacher organization begins on or after the effective
5 date of this amendatory Act of the 98th General Assembly.

6 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

7 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

8 Sec. 15-135. Retirement annuities - Conditions.

9 (a) A participant who retires in one of the following
10 specified years with the specified amount of service is
11 entitled to a retirement annuity at any age under the
12 retirement program applicable to the participant:

13 35 years if retirement is in 1997 or before;

14 34 years if retirement is in 1998;

15 33 years if retirement is in 1999;

16 32 years if retirement is in 2000;

17 31 years if retirement is in 2001;

18 30 years if retirement is in 2002 or later.

19 A participant with 8 or more years of service after
20 September 1, 1941, is entitled to a retirement annuity on or
21 after attainment of age 55.

22 A participant with at least 5 but less than 8 years of
23 service after September 1, 1941, is entitled to a retirement
24 annuity on or after attainment of age 62.

25 A participant who has at least 25 years of service in this

1 system as a police officer or firefighter is entitled to a
2 retirement annuity on or after the attainment of age 50, if
3 Rule 4 of Section 15-136 is applicable to the participant.

4 (a-5) Notwithstanding subsection (a) of this Section, for a
5 Tier I participant who begins receiving a retirement annuity
6 under this Article after July 1, 2013:

7 (1) If the Tier I participant is at least 45 years old
8 on the effective date of this amendatory Act of the 98th
9 General Assembly, then the reference to retirement with 30
10 years of service as well as the references to age 50, 55,
11 and 62 in subsection (a) of this Section remain unchanged.

12 (2) If the Tier I participant is at least 40 but less
13 than 45 years old on the effective date of this amendatory
14 Act of the 98th General Assembly, then the reference to
15 retirement with 30 years of service as well as the
16 references to age 50, 55, and 62 in subsection (a) of this
17 Section shall be increased by one year.

18 (3) If the Tier I participant is at least 35 but less
19 than 40 years old on the effective date of this amendatory
20 Act of the 98th General Assembly, then the reference to
21 retirement with 30 years of service as well as the
22 references to age 50, 55, and 62 in subsection (a) of this
23 Section shall be increased by 3 years.

24 (4) If the Tier I participant is less than 35 years old
25 on the effective date of this amendatory Act of the 98th
26 General Assembly, then the reference to retirement with 30

1 years of service as well as the references to age 50, 55,
2 and 62 in subsection (a) of this Section shall be increased
3 by 5 years.

4 Notwithstanding Section 1-103.1, this subsection (a-5)
5 applies without regard to whether or not the Tier I participant
6 is in active service under this Article on or after the
7 effective date of this amendatory Act of the 98th General
8 Assembly.

9 (b) The annuity payment period shall begin on the date
10 specified by the participant or the recipient of a disability
11 retirement annuity submitting a written application, which
12 date shall not be prior to termination of employment or more
13 than one year before the application is received by the board;
14 however, if the participant is not an employee of an employer
15 participating in this System or in a participating system as
16 defined in Article 20 of this Code on April 1 of the calendar
17 year next following the calendar year in which the participant
18 attains age 70 1/2, the annuity payment period shall begin on
19 that date regardless of whether an application has been filed.

20 (c) An annuity is not payable if the amount provided under
21 Section 15-136 is less than \$10 per month.

22 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

23 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

24 Sec. 15-136. Retirement annuities - Amount. The provisions
25 of this Section 15-136 apply only to those participants who are

1 participating in the traditional benefit package or the
2 portable benefit package and do not apply to participants who
3 are participating in the self-managed plan.

4 (a) The amount of a participant's retirement annuity,
5 expressed in the form of a single-life annuity, shall be
6 determined by whichever of the following rules is applicable
7 and provides the largest annuity:

8 Rule 1: The retirement annuity shall be 1.67% of final rate
9 of earnings for each of the first 10 years of service, 1.90%
10 for each of the next 10 years of service, 2.10% for each year
11 of service in excess of 20 but not exceeding 30, and 2.30% for
12 each year in excess of 30; or for persons who retire on or
13 after January 1, 1998, 2.2% of the final rate of earnings for
14 each year of service.

15 Rule 2: The retirement annuity shall be the sum of the
16 following, determined from amounts credited to the participant
17 in accordance with the actuarial tables and the effective rate
18 of interest in effect at the time the retirement annuity
19 begins:

20 (i) the normal annuity which can be provided on an
21 actuarially equivalent basis, by the accumulated normal
22 contributions as of the date the annuity begins;

23 (ii) an annuity from employer contributions of an
24 amount equal to that which can be provided on an
25 actuarially equivalent basis from the accumulated normal
26 contributions made by the participant under Section

1 15-113.6 and Section 15-113.7 plus 1.4 times all other
2 accumulated normal contributions made by the participant;
3 and

4 (iii) the annuity that can be provided on an
5 actuarially equivalent basis from the entire contribution
6 made by the participant under Section 15-113.3.

7 For the purpose of calculating an annuity under this Rule
8 2, the contribution required under subsection (c-5) of Section
9 15-157 shall not be considered when determining the
10 participant's accumulated normal contributions under clause
11 (i) or the employer contribution under clause (ii).

12 With respect to a police officer or firefighter who retires
13 on or after August 14, 1998, the accumulated normal
14 contributions taken into account under clauses (i) and (ii) of
15 this Rule 2 shall include the additional normal contributions
16 made by the police officer or firefighter under Section
17 15-157(a).

18 The amount of a retirement annuity calculated under this
19 Rule 2 shall be computed solely on the basis of the
20 participant's accumulated normal contributions, as specified
21 in this Rule and defined in Section 15-116. Neither an employee
22 or employer contribution for early retirement under Section
23 15-136.2 nor any other employer contribution shall be used in
24 the calculation of the amount of a retirement annuity under
25 this Rule 2.

26 This amendatory Act of the 91st General Assembly is a

1 clarification of existing law and applies to every participant
2 and annuitant without regard to whether status as an employee
3 terminates before the effective date of this amendatory Act.

4 This Rule 2 does not apply to a person who first becomes an
5 employee under this Article on or after July 1, 2005.

6 Rule 3: The retirement annuity of a participant who is
7 employed at least one-half time during the period on which his
8 or her final rate of earnings is based, shall be equal to the
9 participant's years of service not to exceed 30, multiplied by
10 (1) \$96 if the participant's final rate of earnings is less
11 than \$3,500, (2) \$108 if the final rate of earnings is at least
12 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
13 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
14 the final rate of earnings is at least \$5,500 but less than
15 \$6,500, (5) \$144 if the final rate of earnings is at least
16 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
17 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
18 the final rate of earnings is at least \$8,500 but less than
19 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
20 more, except that the annuity for those persons having made an
21 election under Section 15-154(a-1) shall be calculated and
22 payable under the portable retirement benefit program pursuant
23 to the provisions of Section 15-136.4.

24 Rule 4: A participant who is at least age 50 and has 25 or
25 more years of service as a police officer or firefighter, and a
26 participant who is age 55 or over and has at least 20 but less

1 than 25 years of service as a police officer or firefighter,
2 shall be entitled to a retirement annuity of 2 1/4% of the
3 final rate of earnings for each of the first 10 years of
4 service as a police officer or firefighter, 2 1/2% for each of
5 the next 10 years of service as a police officer or
6 firefighter, and 2 3/4% for each year of service as a police
7 officer or firefighter in excess of 20. The retirement annuity
8 for all other service shall be computed under Rule 1.

9 For purposes of this Rule 4, a participant's service as a
10 firefighter shall also include the following:

11 (i) service that is performed while the person is an
12 employee under subsection (h) of Section 15-107; and

13 (ii) in the case of an individual who was a
14 participating employee employed in the fire department of
15 the University of Illinois's Champaign-Urbana campus
16 immediately prior to the elimination of that fire
17 department and who immediately after the elimination of
18 that fire department transferred to another job with the
19 University of Illinois, service performed as an employee of
20 the University of Illinois in a position other than police
21 officer or firefighter, from the date of that transfer
22 until the employee's next termination of service with the
23 University of Illinois.

24 Rule 5: The retirement annuity of a participant who elected
25 early retirement under the provisions of Section 15-136.2 and
26 who, on or before February 16, 1995, brought administrative

1 proceedings pursuant to the administrative rules adopted by the
2 System to challenge the calculation of his or her retirement
3 annuity shall be the sum of the following, determined from
4 amounts credited to the participant in accordance with the
5 actuarial tables and the prescribed rate of interest in effect
6 at the time the retirement annuity begins:

7 (i) the normal annuity which can be provided on an
8 actuarially equivalent basis, by the accumulated normal
9 contributions as of the date the annuity begins; and

10 (ii) an annuity from employer contributions of an
11 amount equal to that which can be provided on an
12 actuarially equivalent basis from the accumulated normal
13 contributions made by the participant under Section
14 15-113.6 and Section 15-113.7 plus 1.4 times all other
15 accumulated normal contributions made by the participant;
16 and

17 (iii) an annuity which can be provided on an
18 actuarially equivalent basis from the employee
19 contribution for early retirement under Section 15-136.2,
20 and an annuity from employer contributions of an amount
21 equal to that which can be provided on an actuarially
22 equivalent basis from the employee contribution for early
23 retirement under Section 15-136.2.

24 In no event shall a retirement annuity under this Rule 5 be
25 lower than the amount obtained by adding (1) the monthly amount
26 obtained by dividing the combined employee and employer

1 contributions made under Section 15-136.2 by the System's
2 annuity factor for the age of the participant at the beginning
3 of the annuity payment period and (2) the amount equal to the
4 participant's annuity if calculated under Rule 1, reduced under
5 Section 15-136(b) as if no contributions had been made under
6 Section 15-136.2.

7 With respect to a participant who is qualified for a
8 retirement annuity under this Rule 5 whose retirement annuity
9 began before the effective date of this amendatory Act of the
10 91st General Assembly, and for whom an employee contribution
11 was made under Section 15-136.2, the System shall recalculate
12 the retirement annuity under this Rule 5 and shall pay any
13 additional amounts due in the manner provided in Section
14 15-186.1 for benefits mistakenly set too low.

15 The amount of a retirement annuity calculated under this
16 Rule 5 shall be computed solely on the basis of those
17 contributions specifically set forth in this Rule 5. Except as
18 provided in clause (iii) of this Rule 5, neither an employee
19 nor employer contribution for early retirement under Section
20 15-136.2, nor any other employer contribution, shall be used in
21 the calculation of the amount of a retirement annuity under
22 this Rule 5.

23 The General Assembly has adopted the changes set forth in
24 Section 25 of this amendatory Act of the 91st General Assembly
25 in recognition that the decision of the Appellate Court for the
26 Fourth District in *Mattis v. State Universities Retirement*

1 System et al. might be deemed to give some right to the
2 plaintiff in that case. The changes made by Section 25 of this
3 amendatory Act of the 91st General Assembly are a legislative
4 implementation of the decision of the Appellate Court for the
5 Fourth District in *Mattis v. State Universities Retirement*
6 *System et al.* with respect to that plaintiff.

7 The changes made by Section 25 of this amendatory Act of
8 the 91st General Assembly apply without regard to whether the
9 person is in service as an employee on or after its effective
10 date.

11 (b) The retirement annuity provided under Rules 1 and 3
12 above shall be reduced by 1/2 of 1% for each month the
13 participant is under age 60 at the time of retirement. However,
14 this reduction shall not apply in the following cases:

15 (1) For a disabled participant whose disability
16 benefits have been discontinued because he or she has
17 exhausted eligibility for disability benefits under clause
18 (6) of Section 15-152;

19 (2) For a participant who has at least the number of
20 years of service required to retire at any age under
21 subsection (a) of Section 15-135; or

22 (3) For that portion of a retirement annuity which has
23 been provided on account of service of the participant
24 during periods when he or she performed the duties of a
25 police officer or firefighter, if these duties were
26 performed for at least 5 years immediately preceding the

1 date the retirement annuity is to begin.

2 (c) The maximum retirement annuity provided under Rules 1,
3 2, 4, and 5 shall be the lesser of (1) the annual limit of
4 benefits as specified in Section 415 of the Internal Revenue
5 Code of 1986, as such Section may be amended from time to time
6 and as such benefit limits shall be adjusted by the
7 Commissioner of Internal Revenue, and (2) 80% of final rate of
8 earnings.

9 (d) Subject to the provisions of subsections (d-1), (d-2),
10 and (d-3) of this Section, an ~~An~~ annuitant whose status as an
11 employee terminates after August 14, 1969 shall receive
12 automatic increases in his or her retirement annuity as
13 follows:

14 Effective January 1 immediately following the date the
15 retirement annuity begins, the annuitant shall receive an
16 increase in his or her monthly retirement annuity of 0.125% of
17 the monthly retirement annuity provided under Rule 1, Rule 2,
18 Rule 3, Rule 4, or Rule 5, contained in this Section,
19 multiplied by the number of full months which elapsed from the
20 date the retirement annuity payments began to January 1, 1972,
21 plus 0.1667% of such annuity, multiplied by the number of full
22 months which elapsed from January 1, 1972, or the date the
23 retirement annuity payments began, whichever is later, to
24 January 1, 1978, plus 0.25% of such annuity multiplied by the
25 number of full months which elapsed from January 1, 1978, or
26 the date the retirement annuity payments began, whichever is

1 later, to the effective date of the increase.

2 The annuitant shall receive an increase in his or her
3 monthly retirement annuity on each January 1 thereafter during
4 the annuitant's life of 3% of the monthly annuity provided
5 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
6 this Section. The change made under this subsection by P.A.
7 81-970 is effective January 1, 1980 and applies to each
8 annuitant whose status as an employee terminates before or
9 after that date.

10 Beginning January 1, 1990 and except as provided in
11 subsections (d-1), (d-2), and (d-3) of this Section, all
12 automatic annual increases payable under this Section shall be
13 calculated as a percentage of the total annuity payable at the
14 time of the increase, including all increases previously
15 granted under this Article.

16 The change made in this subsection by P.A. 85-1008 is
17 effective January 26, 1988, and is applicable without regard to
18 whether status as an employee terminated before that date.

19 (d-1) Notwithstanding any other provision of this Article,
20 except subsection (d-3) of this Section, for a Tier I retiree,
21 the amount of each automatic annual increase in retirement
22 annuity occurring on or after the effective date of this
23 amendatory Act of the 98th General Assembly shall be 3% of the
24 lesser of (1) the total annuity payable at the time of the
25 increase, including previous increases granted or (2) \$1,000
26 multiplied by the number of years of creditable service upon

1 which the annuity is based.

2 (d-2) Notwithstanding any other provision of this Article,
3 except subsection (d-3) of this Section, for a Tier I retiree,
4 the monthly retirement annuity shall first be subject to annual
5 increases on the January 1 occurring on or next after the
6 attainment of age 67 or the January 1 occurring on or next
7 after the fifth anniversary of the annuity start date,
8 whichever occurs earlier. If on the effective date of this
9 amendatory Act of the 98th General Assembly a Tier I retiree
10 has already received an annual increase under this Section but
11 does not yet meet the new eligibility requirements of this
12 subsection, the annual increases already received shall
13 continue in force, but no additional annual increase shall be
14 granted until the Tier I retiree meets the new eligibility
15 requirements.

16 (d-3) If on the effective date of this amendatory Act of
17 the 98th General Assembly a Tier I retiree has already received
18 an annual increase under this Section but does not yet meet the
19 new eligibility requirements of this subsection, the annual
20 increases already received shall continue in force, but no
21 additional annual increase shall be granted until the Tier I
22 retiree meets the new eligibility requirements.

23 (d-4) Notwithstanding Section 1-103.1, subsections (d-1)
24 and (d-2) apply without regard to whether or not the Tier I
25 retiree is in active service under this Article on or after the
26 effective date of this amendatory Act of the 98th General

1 Assembly.

2 (e) If, on January 1, 1987, or the date the retirement
3 annuity payment period begins, whichever is later, the sum of
4 the retirement annuity provided under Rule 1 or Rule 2 of this
5 Section and the automatic annual increases provided under the
6 preceding subsection or Section 15-136.1, amounts to less than
7 the retirement annuity which would be provided by Rule 3, the
8 retirement annuity shall be increased as of January 1, 1987, or
9 the date the retirement annuity payment period begins,
10 whichever is later, to the amount which would be provided by
11 Rule 3 of this Section. Such increased amount shall be
12 considered as the retirement annuity in determining benefits
13 provided under other Sections of this Article. This paragraph
14 applies without regard to whether status as an employee
15 terminated before the effective date of this amendatory Act of
16 1987, provided that the annuitant was employed at least
17 one-half time during the period on which the final rate of
18 earnings was based.

19 (f) A participant is entitled to such additional annuity as
20 may be provided on an actuarially equivalent basis, by any
21 accumulated additional contributions to his or her credit.
22 However, the additional contributions made by the participant
23 toward the automatic increases in annuity provided under this
24 Section and the contributions made under subsection (c-5) of
25 Section 15-157 by this amendatory Act of the 98th General
26 Assembly shall not be taken into account in determining the

1 amount of such additional annuity.

2 (g) If, (1) by law, a function of a governmental unit, as
3 defined by Section 20-107 of this Code, is transferred in whole
4 or in part to an employer, and (2) a participant transfers
5 employment from such governmental unit to such employer within
6 6 months after the transfer of the function, and (3) the sum of
7 (A) the annuity payable to the participant under Rule 1, 2, or
8 3 of this Section (B) all proportional annuities payable to the
9 participant by all other retirement systems covered by Article
10 20, and (C) the initial primary insurance amount to which the
11 participant is entitled under the Social Security Act, is less
12 than the retirement annuity which would have been payable if
13 all of the participant's pension credits validated under
14 Section 20-109 had been validated under this system, a
15 supplemental annuity equal to the difference in such amounts
16 shall be payable to the participant.

17 (h) On January 1, 1981, an annuitant who was receiving a
18 retirement annuity on or before January 1, 1971 shall have his
19 or her retirement annuity then being paid increased \$1 per
20 month for each year of creditable service. On January 1, 1982,
21 an annuitant whose retirement annuity began on or before
22 January 1, 1977, shall have his or her retirement annuity then
23 being paid increased \$1 per month for each year of creditable
24 service.

25 (i) On January 1, 1987, any annuitant whose retirement
26 annuity began on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢
2 per year of creditable service times the number of years that
3 have elapsed since the annuity began.

4 (j) For participants to whom subsection (a-5) of Section
5 15-135 applies, the references to age 50, 55, and 62 in this
6 Section are increased as provided in subsection (a-5) of
7 Section 15-135.

8 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

9 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

10 Sec. 15-155. Employer contributions.

11 (a) The State of Illinois shall make contributions by
12 appropriations of amounts which, together with the ~~other~~
13 employer contributions ~~from trust, federal, and other funds,~~
14 employee contributions, income from investments, and other
15 income of this System, will be sufficient to meet the cost of
16 maintaining and administering the System on a 100% ~~90%~~ funded
17 basis in accordance with actuarial recommendations by the end
18 of State fiscal year 2044.

19 The Board shall determine the amount of State contributions
20 required for each fiscal year on the basis of the actuarial
21 tables and other assumptions adopted by the Board and the
22 recommendations of the actuary, using the formula in subsection
23 (a-1).

24 (a-1) For State fiscal years 2015 through 2044, the minimum
25 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be
2 equal to the sum of (1) the State's portion of the projected
3 normal cost for that fiscal year, plus (2) an amount sufficient
4 to bring the total assets of the System up to 100% of the total
5 actuarial liabilities of the System by the end of State fiscal
6 year 2044. In making these determinations, the required State
7 contribution shall be calculated each year as a level
8 percentage of payroll over the years remaining to and including
9 fiscal year 2044 and shall be determined under the projected
10 unit credit actuarial cost method.

11 Beginning in State fiscal year 2045, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 100% of the total
14 actuarial liabilities of the System.

15 For State fiscal years 2012 through 2014 ~~through 2045~~, the
16 minimum contribution to the System to be made by the State for
17 each fiscal year shall be an amount determined by the System to
18 be sufficient to bring the total assets of the System up to 90%
19 of the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$252,064,100.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$702,514,000 and shall be made from the State Pensions Fund and
19 proceeds of bonds sold in fiscal year 2010 pursuant to Section
20 7.2 of the General Obligation Bond Act, less (i) the pro rata
21 share of bond sale expenses determined by the System's share of
22 total bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is
2 the amount recertified by the System on or before April 1, 2011
3 pursuant to Section 15-165 and shall be made from the State
4 Pensions Fund and proceeds of bonds sold in fiscal year 2011
5 pursuant to Section 7.2 of the General Obligation Bond Act,
6 less (i) the pro rata share of bond sale expenses determined by
7 the System's share of total bond proceeds, (ii) any amounts
8 received from the General Revenue Fund in fiscal year 2011, and
9 (iii) any reduction in bond proceeds due to the issuance of
10 discounted bonds, if applicable.

11 ~~Beginning in State fiscal year 2046, the minimum State~~
12 ~~contribution for each fiscal year shall be the amount needed to~~
13 ~~maintain the total assets of the System at 90% of the total~~
14 ~~actuarial liabilities of the System.~~

15 Amounts received by the System pursuant to Section 25 of
16 the Budget Stabilization Act or Section 8.12 of the State
17 Finance Act in any fiscal year do not reduce and do not
18 constitute payment of any portion of the minimum State
19 contribution required under this Article in that fiscal year.
20 Such amounts shall not reduce, and shall not be included in the
21 calculation of, the required State contributions under this
22 Article in any future year until the System has reached a
23 funding ratio of at least 100% ~~90%~~. A reference in this Article
24 to the "required State contribution" or any substantially
25 similar term does not include or apply to any amounts payable
26 to the System under Section 25 of the Budget Stabilization Act.

1 Notwithstanding any other provision of this Section, the
2 required State contribution for State fiscal year 2005 and for
3 fiscal year 2008 and each fiscal year thereafter through State
4 fiscal year 2014, as calculated under this Section and
5 certified under Section 15-165, shall not exceed an amount
6 equal to (i) the amount of the required State contribution that
7 would have been calculated under this Section for that fiscal
8 year if the System had not received any payments under
9 subsection (d) of Section 7.2 of the General Obligation Bond
10 Act, minus (ii) the portion of the State's total debt service
11 payments for that fiscal year on the bonds issued in fiscal
12 year 2003 for the purposes of that Section 7.2, as determined
13 and certified by the Comptroller, that is the same as the
14 System's portion of the total moneys distributed under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act. In determining this maximum for State fiscal years 2008
17 through 2010, however, the amount referred to in item (i) shall
18 be increased, as a percentage of the applicable employee
19 payroll, in equal increments calculated from the sum of the
20 required State contribution for State fiscal year 2007 plus the
21 applicable portion of the State's total debt service payments
22 for fiscal year 2007 on the bonds issued in fiscal year 2003
23 for the purposes of Section 7.2 of the General Obligation Bond
24 Act, so that, by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 (b) If an employee is paid from trust or federal funds, the

1 employer shall pay to the Board contributions from those funds
2 which are sufficient to cover the accruing normal costs on
3 behalf of the employee. However, universities having employees
4 who are compensated out of local auxiliary funds, income funds,
5 or service enterprise funds are not required to pay such
6 contributions on behalf of those employees. The local auxiliary
7 funds, income funds, and service enterprise funds of
8 universities shall not be considered trust funds for the
9 purpose of this Article, but funds of alumni associations,
10 foundations, and athletic associations which are affiliated
11 with the universities included as employers under this Article
12 and other employers which do not receive State appropriations
13 are considered to be trust funds for the purpose of this
14 Article.

15 (b-1) The City of Urbana and the City of Champaign shall
16 each make employer contributions to this System for their
17 respective firefighter employees who participate in this
18 System pursuant to subsection (h) of Section 15-107. The rate
19 of contributions to be made by those municipalities shall be
20 determined annually by the Board on the basis of the actuarial
21 assumptions adopted by the Board and the recommendations of the
22 actuary, and shall be expressed as a percentage of salary for
23 each such employee. The Board shall certify the rate to the
24 affected municipalities as soon as may be practical. The
25 employer contributions required under this subsection shall be
26 remitted by the municipality to the System at the same time and

1 in the same manner as employee contributions.

2 (c) Through State fiscal year 1995: The total employer
3 contribution shall be apportioned among the various funds of
4 the State and other employers, whether trust, federal, or other
5 funds, in accordance with actuarial procedures approved by the
6 Board. State of Illinois contributions for employers receiving
7 State appropriations for personal services shall be payable
8 from appropriations made to the employers or to the System. The
9 contributions for Class I community colleges covering earnings
10 other than those paid from trust and federal funds, shall be
11 payable solely from appropriations to the Illinois Community
12 College Board or the System for employer contributions.

13 (d) Beginning in State fiscal year 1996, the required State
14 contributions to the System shall be appropriated directly to
15 the System and shall be payable through vouchers issued in
16 accordance with subsection (c) of Section 15-165, except as
17 provided in subsection (g).

18 (e) The State Comptroller shall draw warrants payable to
19 the System upon proper certification by the System or by the
20 employer in accordance with the appropriation laws and this
21 Code.

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

4 (g) If the amount of a participant's earnings for any
5 academic year used to determine the final rate of earnings,
6 determined on a full-time equivalent basis, exceeds the amount
7 of his or her earnings with the same employer for the previous
8 academic year, determined on a full-time equivalent basis, by
9 more than 6%, the participant's employer shall pay to the
10 System, in addition to all other payments required under this
11 Section and in accordance with guidelines established by the
12 System, the present value of the increase in benefits resulting
13 from the portion of the increase in earnings that is in excess
14 of 6%. This present value shall be computed by the System on
15 the basis of the actuarial assumptions and tables used in the
16 most recent actuarial valuation of the System that is available
17 at the time of the computation. The System may require the
18 employer to provide any pertinent information or
19 documentation.

20 Whenever it determines that a payment is or may be required
21 under this subsection (g), the System shall calculate the
22 amount of the payment and bill the employer for that amount.
23 The bill shall specify the calculations used to determine the
24 amount due. If the employer disputes the amount of the bill, it
25 may, within 30 days after receipt of the bill, apply to the
26 System in writing for a recalculation. The application must

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h) or (i) of this Section, must include an affidavit setting
4 forth and attesting to all facts within the employer's
5 knowledge that are pertinent to the applicability of subsection
6 (h) or (i). Upon receiving a timely application for
7 recalculation, the System shall review the application and, if
8 appropriate, recalculate the amount due.

9 The employer contributions required under this subsection
10 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
11 after receipt of the bill. If the employer contributions are
12 not paid within 90 days after receipt of the bill, then
13 interest will be charged at a rate equal to the System's annual
14 actuarially assumed rate of return on investment compounded
15 annually from the 91st day after receipt of the bill. Payments
16 must be concluded within 3 years after the employer's receipt
17 of the bill.

18 (h) This subsection (h) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases paid to
25 participants under contracts or collective bargaining
26 agreements entered into, amended, or renewed before June 1,

1 2005.

2 When assessing payment for any amount due under subsection
3 (g), the System shall exclude earnings increases paid to a
4 participant at a time when the participant is 10 or more years
5 from retirement eligibility under Section 15-135.

6 When assessing payment for any amount due under subsection
7 (g), the System shall exclude earnings increases resulting from
8 overload work, including a contract for summer teaching, or
9 overtime when the employer has certified to the System, and the
10 System has approved the certification, that: (i) in the case of
11 overloads (A) the overload work is for the sole purpose of
12 academic instruction in excess of the standard number of
13 instruction hours for a full-time employee occurring during the
14 academic year that the overload is paid and (B) the earnings
15 increases are equal to or less than the rate of pay for
16 academic instruction computed using the participant's current
17 salary rate and work schedule; and (ii) in the case of
18 overtime, the overtime was necessary for the educational
19 mission.

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude any earnings increase resulting
22 from (i) a promotion for which the employee moves from one
23 classification to a higher classification under the State
24 Universities Civil Service System, (ii) a promotion in academic
25 rank for a tenured or tenure-track faculty position, or (iii) a
26 promotion that the Illinois Community College Board has

1 recommended in accordance with subsection (k) of this Section.
2 These earnings increases shall be excluded only if the
3 promotion is to a position that has existed and been filled by
4 a member for no less than one complete academic year and the
5 earnings increase as a result of the promotion is an increase
6 that results in an amount no greater than the average salary
7 paid for other similar positions.

8 (i) When assessing payment for any amount due under
9 subsection (g), the System shall exclude any salary increase
10 described in subsection (h) of this Section given on or after
11 July 1, 2011 but before July 1, 2014 under a contract or
12 collective bargaining agreement entered into, amended, or
13 renewed on or after June 1, 2005 but before July 1, 2011.
14 Notwithstanding any other provision of this Section, any
15 payments made or salary increases given after June 30, 2014
16 shall be used in assessing payment for any amount due under
17 subsection (g) of this Section.

18 (j) The System shall prepare a report and file copies of
19 the report with the Governor and the General Assembly by
20 January 1, 2007 that contains all of the following information:

21 (1) The number of recalculations required by the
22 changes made to this Section by Public Act 94-1057 for each
23 employer.

24 (2) The dollar amount by which each employer's
25 contribution to the System was changed due to
26 recalculations required by Public Act 94-1057.

1 (3) The total amount the System received from each
2 employer as a result of the changes made to this Section by
3 Public Act 94-4.

4 (4) The increase in the required State contribution
5 resulting from the changes made to this Section by Public
6 Act 94-1057.

7 (k) The Illinois Community College Board shall adopt rules
8 for recommending lists of promotional positions submitted to
9 the Board by community colleges and for reviewing the
10 promotional lists on an annual basis. When recommending
11 promotional lists, the Board shall consider the similarity of
12 the positions submitted to those positions recognized for State
13 universities by the State Universities Civil Service System.
14 The Illinois Community College Board shall file a copy of its
15 findings with the System. The System shall consider the
16 findings of the Illinois Community College Board when making
17 determinations under this Section. The System shall not exclude
18 any earnings increases resulting from a promotion when the
19 promotion was not submitted by a community college. Nothing in
20 this subsection (k) shall require any community college to
21 submit any information to the Community College Board.

22 (l) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

7 (m) For purposes of determining the required State
8 contribution to the system for a particular year, the actuarial
9 value of assets shall be assumed to earn a rate of return equal
10 to the system's actuarially assumed rate of return.

11 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
12 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
13 7-13-12; revised 10-17-12.)

14 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

15 Sec. 15-156. Obligations of State; funding guarantees.

16 (a) The payment of (1) the required State contributions,
17 (2) all benefits granted under this system and (3) all expenses
18 in connection with the administration and operation thereof are
19 obligations of the State of Illinois to the extent specified in
20 this Article. The accumulated employee normal, additional and
21 survivors insurance contributions credited to the accounts of
22 active and inactive participants shall not be used to pay the
23 State's share of the obligations.

24 (b) Beginning July 1, 2013, the State shall be
25 contractually obligated to contribute to the System under

1 Section 15-155 in each State fiscal year an amount not less
2 than the sum of (i) the State's normal cost for that year and
3 (ii) the portion of the unfunded accrued liability assigned to
4 that year by law in accordance with a schedule that distributes
5 payments equitably over a reasonable period of time and in
6 accordance with accepted actuarial practices. The obligations
7 created under this subsection (b) are contractual obligations
8 protected and enforceable under Article I, Section 16 and
9 Article XIII, Section 5 of the Illinois Constitution.

10 Notwithstanding any other provision of law, if the State
11 fails to pay in a State fiscal year the amount guaranteed under
12 this subsection, the System may bring a mandamus action in the
13 Circuit Court of Sangamon or Champaign County to compel the
14 State to make that payment, irrespective of other remedies that
15 may be available to the System. It shall be the mandatory
16 fiduciary obligation of the Board of the System to bring that
17 action if the State fails to pay in the fiscal year the amount
18 guaranteed under this subsection. Before commencing that
19 action, the Board shall submit a voucher for monthly
20 contributions as required in Section 15-155. If the State fails
21 to pay a vouchered amount within 90 days after receiving a
22 voucher for that amount, then the Board shall submit a written
23 request to the Comptroller seeking payment of that amount. A
24 copy of the request shall be filed with the Secretary of State,
25 and the Secretary of State shall provide copies of the request
26 to the Governor and General Assembly. No earlier than the 16th

1 day after filing a request with the Secretary, but no later
2 than the 21st day after filing that request, the Board may
3 commence such an action in the Circuit Court. If the Board
4 fails to commence such action on or before the 21st day after
5 filing the request with the Secretary of State, then any
6 participant or annuitant may file a mandamus action against the
7 Board to compel the Board to commence its mandamus action
8 against the State. This Section constitutes an express waiver
9 of the State's sovereign immunity. In ordering the State to
10 make the required payment, the court may order a reasonable
11 payment schedule to enable the State to make the required
12 payment. The obligations and causes of action created under
13 this subsection shall be in addition to any other right or
14 remedy otherwise accorded by common law, or State or federal
15 law, and nothing in this subsection shall be construed to deny,
16 abrogate, impair, or waive any such common law or statutory
17 right or remedy.

18 Any payments required to be made by the State pursuant to
19 this subsection (b) are expressly subordinated to the payment
20 of the principal, interest, and premium, if any, on any bonded
21 debt obligation of the State or any other State-created entity,
22 either currently outstanding or to be issued, for which the
23 source of repayment or security thereon is derived directly or
24 indirectly from tax revenues collected by the State or any
25 other State-created entity. Payments on such bonded
26 obligations include any statutory fund transfers or other

1 prefunding mechanisms or formulas set forth, now or hereafter,
2 in State law or bond indentures, into debt service funds or
3 accounts of the State related to such bonded obligations,
4 consistent with the payment schedules associated with such
5 obligations.

6 (Source: P.A. 83-1440.)

7 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

8 Sec. 15-157. Employee Contributions.

9 (a) Each participating employee shall make contributions
10 towards the retirement benefits payable under the retirement
11 program applicable to the employee from each payment of
12 earnings applicable to employment under this system on and
13 after the date of becoming a participant as follows: Prior to
14 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
15 to August 31, 1955, 5%; from September 1, 1955 to August 31,
16 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
17 are to be considered as normal contributions for purposes of
18 this Article.

19 Each participant who is a police officer or firefighter
20 shall make normal contributions of 8% of each payment of
21 earnings applicable to employment as a police officer or
22 firefighter under this system on or after September 1, 1981,
23 unless he or she files with the board within 60 days after the
24 effective date of this amendatory Act of 1991 or 60 days after
25 the board receives notice that he or she is employed as a

1 police officer or firefighter, whichever is later, a written
2 notice waiving the retirement formula provided by Rule 4 of
3 Section 15-136. This waiver shall be irrevocable. If a
4 participant had met the conditions set forth in Section
5 15-132.1 prior to the effective date of this amendatory Act of
6 1991 but failed to make the additional normal contributions
7 required by this paragraph, he or she may elect to pay the
8 additional contributions plus compound interest at the
9 effective rate. If such payment is received by the board, the
10 service shall be considered as police officer service in
11 calculating the retirement annuity under Rule 4 of Section
12 15-136. While performing service described in clause (i) or
13 (ii) of Rule 4 of Section 15-136, a participating employee
14 shall be deemed to be employed as a firefighter for the purpose
15 of determining the rate of employee contributions under this
16 Section.

17 (b) Starting September 1, 1969, each participating
18 employee shall make additional contributions of 1/2 of 1% of
19 earnings to finance a portion of the cost of the annual
20 increases in retirement annuity provided under Section 15-136,
21 except that with respect to participants in the self-managed
22 plan this additional contribution shall be used to finance the
23 benefits obtained under that retirement program.

24 (c) In addition to the amounts described in subsections (a)
25 and (b) of this Section, each participating employee shall make
26 contributions of 1% of earnings applicable under this system on

1 and after August 1, 1959. The contributions made under this
2 subsection (c) shall be considered as survivor's insurance
3 contributions for purposes of this Article if the employee is
4 covered under the traditional benefit package, and such
5 contributions shall be considered as additional contributions
6 for purposes of this Article if the employee is participating
7 in the self-managed plan or has elected to participate in the
8 portable benefit package and has completed the applicable
9 one-year waiting period. Contributions in excess of \$80 during
10 any fiscal year beginning before August 31, 1969 and in excess
11 of \$120 during any fiscal year thereafter until September 1,
12 1971 shall be considered as additional contributions for
13 purposes of this Article.

14 (c-5) In addition to the contributions otherwise required
15 under this Article, each Tier I participant shall also make the
16 following contributions toward the retirement benefits payable
17 under the retirement program applicable to the employee from
18 each payment of earnings applicable to employment under this
19 system:

20 (1) beginning July 1, 2013 and through June 30, 2014,
21 1% of earnings; and

22 (2) beginning on July 1, 2014, 2% of earnings.

23 Except as otherwise specified, these contributions are to
24 be considered as normal contributions for purposes of this
25 Article.

26 (d) If the board by board rule so permits and subject to

1 such conditions and limitations as may be specified in its
2 rules, a participant may make other additional contributions of
3 such percentage of earnings or amounts as the participant shall
4 elect in a written notice thereof received by the board.

5 (e) That fraction of a participant's total accumulated
6 normal contributions, the numerator of which is equal to the
7 number of years of service in excess of that which is required
8 to qualify for the maximum retirement annuity, and the
9 denominator of which is equal to the total service of the
10 participant, shall be considered as accumulated additional
11 contributions. The determination of the applicable maximum
12 annuity and the adjustment in contributions required by this
13 provision shall be made as of the date of the participant's
14 retirement.

15 (f) Notwithstanding the foregoing, a participating
16 employee shall not be required to make contributions under this
17 Section after the date upon which continuance of such
18 contributions would otherwise cause his or her retirement
19 annuity to exceed the maximum retirement annuity as specified
20 in clause (1) of subsection (c) of Section 15-136.

21 (g) A participating employee may make contributions for the
22 purchase of service credit under this Article.

23 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
24 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
25 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

1 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

2 Sec. 15-165. To certify amounts and submit vouchers.

3 (a) The Board shall certify to the Governor on or before
4 November 15 of each year through ~~until~~ November 15, 2011 the
5 appropriation required from State funds for the purposes of
6 this System for the following fiscal year. The certification
7 under this subsection (a) shall include a copy of the actuarial
8 recommendations upon which it is based ~~and shall specifically~~
9 ~~identify the System's projected State normal cost for that~~
10 ~~fiscal year and the projected State cost for the self-managed~~
11 ~~plan for that fiscal year.~~

12 On or before May 1, 2004, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

18 On or before July 1, 2005, the Board shall recalculate and
19 recertify to the Governor the amount of the required State
20 contribution to the System for State fiscal year 2006, taking
21 into account the changes in required State contributions made
22 by this amendatory Act of the 94th General Assembly.

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 (a-5) On or before November 1 of each year, beginning
4 November 1, 2012, the Board shall submit to the State Actuary,
5 the Governor, and the General Assembly a proposed certification
6 of the amount of the required State contribution to the System
7 for the next fiscal year, along with all of the actuarial
8 assumptions, calculations, and data upon which that proposed
9 certification is based. On or before January 1 of each year,
10 beginning January 1, 2013, the State Actuary shall issue a
11 preliminary report concerning the proposed certification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification of the required State contributions.

15 On or before January 15, 2013 and each January 15
16 thereafter, the Board shall certify to the Governor and the
17 General Assembly the amount of the required State contribution
18 for the next fiscal year. The certification shall include a
19 copy of the actuarial recommendations upon which it is based
20 and shall specifically identify the System's projected State
21 normal cost for that fiscal year and the projected State cost
22 for the self-managed plan for that fiscal year. The Board's
23 certification must note, in a written response to the State
24 Actuary, any deviations from the State Actuary's recommended
25 changes, the reason or reasons for not following the State
26 Actuary's recommended changes, and the fiscal impact of not

1 following the State Actuary's recommended changes on the
2 required State contribution.

3 (b) The Board shall certify to the State Comptroller or
4 employer, as the case may be, from time to time, by its
5 president and secretary, with its seal attached, the amounts
6 payable to the System from the various funds.

7 (c) Beginning in State fiscal year 1996, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a). From the effective date of this amendatory Act of the 93rd
13 General Assembly through June 30, 2004, the Board shall not
14 submit vouchers for the remainder of fiscal year 2004 in excess
15 of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (b) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this Section, the difference

1 shall be paid from the General Revenue Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

4 (d) So long as the payments received are the full amount
5 lawfully vouchered under this Section, payments received by the
6 System under this Section shall be applied first toward the
7 employer contribution to the self-managed plan established
8 under Section 15-158.2. Payments shall be applied second toward
9 the employer's portion of the normal costs of the System, as
10 defined in subsection (f) of Section 15-155. The balance shall
11 be applied toward the unfunded actuarial liabilities of the
12 System.

13 (e) In the event that the System does not receive, as a
14 result of legislative enactment or otherwise, payments
15 sufficient to fully fund the employer contribution to the
16 self-managed plan established under Section 15-158.2 and to
17 fully fund that portion of the employer's portion of the normal
18 costs of the System, as calculated in accordance with Section
19 15-155(a-1), then any payments received shall be applied
20 proportionately to the optional retirement program established
21 under Section 15-158.2 and to the employer's portion of the
22 normal costs of the System, as calculated in accordance with
23 Section 15-155(a-1).

24 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
25 97-694, eff. 6-18-12.)

1 (40 ILCS 5/15-198)

2 Sec. 15-198. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after the effective date of this
9 amendatory Act of the 94th General Assembly. "New benefit
10 increase", however, does not include any benefit increase
11 resulting from the changes made to this Article by this
12 amendatory Act of the 98th General Assembly.

13 (b) Notwithstanding any other provision of this Code or any
14 subsequent amendment to this Code, every new benefit increase
15 is subject to this Section and shall be deemed to be granted
16 only in conformance with and contingent upon compliance with
17 the provisions of this Section.

18 (c) The Public Act enacting a new benefit increase must
19 identify and provide for payment to the System of additional
20 funding at least sufficient to fund the resulting annual
21 increase in cost to the System as it accrues.

22 Every new benefit increase is contingent upon the General
23 Assembly providing the additional funding required under this
24 subsection. The Commission on Government Forecasting and
25 Accountability shall analyze whether adequate additional
26 funding has been provided for the new benefit increase and

1 shall report its analysis to the Public Pension Division of the
2 Department of Financial and Professional Regulation. A new
3 benefit increase created by a Public Act that does not include
4 the additional funding required under this subsection is null
5 and void. If the Public Pension Division determines that the
6 additional funding provided for a new benefit increase under
7 this subsection is or has become inadequate, it may so certify
8 to the Governor and the State Comptroller and, in the absence
9 of corrective action by the General Assembly, the new benefit
10 increase shall expire at the end of the fiscal year in which
11 the certification is made.

12 (d) Every new benefit increase shall expire 5 years after
13 its effective date or on such earlier date as may be specified
14 in the language enacting the new benefit increase or provided
15 under subsection (c). This does not prevent the General
16 Assembly from extending or re-creating a new benefit increase
17 by law.

18 (e) Except as otherwise provided in the language creating
19 the new benefit increase, a new benefit increase that expires
20 under this Section continues to apply to persons who applied
21 and qualified for the affected benefit while the new benefit
22 increase was in effect and to the affected beneficiaries and
23 alternate payees of such persons, but does not apply to any
24 other person, including without limitation a person who
25 continues in service after the expiration date and did not
26 apply and qualify for the affected benefit while the new

1 benefit increase was in effect.

2 (Source: P.A. 94-4, eff. 6-1-05.)

3 Section A-25. The Illinois Educational Labor Relations Act
4 is amended by changing Sections 4 and 17 as follows:

5 (115 ILCS 5/4) (from Ch. 48, par. 1704)

6 Sec. 4. Employer rights. Employers shall not be required to
7 bargain over matters of inherent managerial policy, which shall
8 include such areas of discretion or policy as the functions of
9 the employer, standards of services, its overall budget, the
10 organizational structure and selection of new employees and
11 direction of employees. Employers, however, shall be required
12 to bargain collectively with regard to policy matters directly
13 affecting wages, hours and terms and conditions of employment
14 as well as the impact thereon upon request by employee
15 representatives, but excluding the changes, the impact of
16 changes, and the implementation of the changes set forth in
17 this amendatory Act of the 98th General Assembly. To preserve
18 the rights of employers and exclusive representatives which
19 have established collective bargaining relationships or
20 negotiated collective bargaining agreements prior to the
21 effective date of this Act, employers shall be required to
22 bargain collectively with regard to any matter concerning
23 wages, hours or conditions of employment about which they have
24 bargained for and agreed to in a collective bargaining

1 agreement prior to the effective date of this Act, but
2 excluding the changes, the impact of changes, and the
3 implementation of the changes set forth in this amendatory Act
4 of the 98th General Assembly.

5 (Source: P.A. 83-1014.)

6 (115 ILCS 5/17) (from Ch. 48, par. 1717)

7 Sec. 17. Effect on other laws. In case of any conflict
8 between the provisions of this Act and any other law (other
9 than the changes, the impact of changes, and the implementation
10 of the changes made to the Illinois Pension Code by this
11 amendatory Act of the 98th General Assembly), executive order
12 or administrative regulation, the provisions of this Act shall
13 prevail and control. The provisions of this Act are subject to
14 the changes made by this amendatory Act of the 98th General
15 Assembly. Nothing in this Act shall be construed to replace or
16 diminish the rights of employees established by Section 36d of
17 "An Act to create the State Universities Civil Service System",
18 approved May 11, 1905, as amended or modified.

19 (Source: P.A. 83-1014.)

20 Section A-90. The State Mandates Act is amended by adding
21 Section 8.37 as follows:

22 (30 ILCS 805/8.37 new)

23 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8

1 of this Act, no reimbursement by the State is required for the
2 implementation of any mandate created by this amendatory Act of
3 the 98th General Assembly.

4 Section A-97. Severability and inseverability. The changes
5 made by this Part A to Acts other than the Illinois Pension
6 Code are severable from the other changes made by this Act. The
7 changes made by this Part A to an Article of the Illinois
8 Pension Code are severable from the changes made by this Part A
9 to another Article of the Illinois Pension Code. However, the
10 changes made by this Part A in an Article of the Illinois
11 Pension Code that relate to (i) automatic annual increases,
12 (ii) employee or member contributions, (iii) State or employer
13 contributions, (iv) State funding guarantees, or (v) salary,
14 earnings, or compensation are mutually dependent and
15 inseverable.

16 PART B

17 Section B-1. The Illinois Pension Code is amended by adding
18 Section 1-103.5 as follows:

19 (40 ILCS 5/1-103.5 new)

20 Sec. 1-103.5. Explanation of Senate Bill 1544.

21 (a) Part A of Senate Bill 1544 is intended by the General
22 Assembly as a stand-alone reform of certain Articles of this

1 Code, which takes effect upon becoming law. Part B of Senate
2 Bill 1544 contains alternative provisions that take effect only
3 if and when a corresponding portion of Part A is determined to
4 be unconstitutional or otherwise invalid or unenforceable.

5 (b) If one or more of the changes made in Part A to
6 portions of a specific Article of the Illinois Pension Code
7 that are designated as inseverable under Section 97 of Part A
8 are determined to be unconstitutional or otherwise invalid by a
9 final judgment of the Illinois Supreme Court or by a final
10 unappealable judgment of the Illinois Appellate Court or a
11 court of competent jurisdiction, then the invalid provisions of
12 Part A and the provisions of Part A that are inseverable from
13 those provisions shall be superseded by the Sections of Part B
14 that take effect due to that invalidity.

15 Section B-5. If and only if Section B-30, B-35, or B-40 of
16 this Part B takes effect, then the Illinois Public Labor
17 Relations Act is amended by changing Sections 4 and 15 as
18 follows:

19 (5 ILCS 315/4) (from Ch. 48, par. 1604)

20 Sec. 4. Management Rights. Employers shall not be required
21 to bargain over matters of inherent managerial policy, which
22 shall include such areas of discretion or policy as the
23 functions of the employer, standards of services, its overall
24 budget, the organizational structure and selection of new

1 employees, examination techniques and direction of employees.
2 Employers, however, shall be required to bargain collectively
3 with regard to policy matters directly affecting wages (but
4 subject to any applicable restrictions in Section 14-106.5 or
5 15-132.9 of the Illinois Pension Code), hours and terms and
6 conditions of employment as well as the impact thereon upon
7 request by employee representatives, but excluding the
8 changes, the impact of changes, and the implementation of the
9 changes set forth in this amendatory Act of the 98th General
10 Assembly.

11 To preserve the rights of employers and exclusive
12 representatives which have established collective bargaining
13 relationships or negotiated collective bargaining agreements
14 prior to the effective date of this Act, employers shall be
15 required to bargain collectively with regard to any matter
16 concerning wages (but subject to any applicable restrictions in
17 Section 14-106.5 or 15-132.9 of the Illinois Pension Code),
18 hours or conditions of employment about which they have
19 bargained for and agreed to in a collective bargaining
20 agreement prior to the effective date of this Act, but
21 excluding the changes, the impact of changes, and the
22 implementation of the changes set forth in this amendatory Act
23 of the 98th General Assembly.

24 The chief judge of the judicial circuit that employs a
25 public employee who is a court reporter, as defined in the
26 Court Reporters Act, has the authority to hire, appoint,

1 promote, evaluate, discipline, and discharge court reporters
2 within that judicial circuit.

3 Nothing in this amendatory Act of the 94th General Assembly
4 shall be construed to intrude upon the judicial functions of
5 any court. This amendatory Act of the 94th General Assembly
6 applies only to nonjudicial administrative matters relating to
7 the collective bargaining rights of court reporters.

8 (Source: P.A. 94-98, eff. 7-1-05.)

9 (5 ILCS 315/15) (from Ch. 48, par. 1615)

10 Sec. 15. Act Takes Precedence.

11 (a) In case of any conflict between the provisions of this
12 Act and any other law (other than Section 5 of the State
13 Employees Group Insurance Act of 1971 and other than the
14 changes made to the Illinois Pension Code by Public Act 96-889
15 and the changes, impact of changes, and the implementation of
16 the changes made to the Illinois Pension Code and the State
17 Employees Group Insurance Act of 1971 by this amendatory Act of
18 the 98th ~~96th~~ General Assembly), executive order or
19 administrative regulation relating to wages, hours and
20 conditions of employment and employment relations, the
21 provisions of this Act or any collective bargaining agreement
22 negotiated thereunder shall prevail and control. Nothing in
23 this Act shall be construed to replace or diminish the rights
24 of employees established by Sections 28 and 28a of the
25 Metropolitan Transit Authority Act, Sections 2.15 through 2.19

1 of the Regional Transportation Authority Act. The provisions of
2 this Act are subject to the changes made by this amendatory Act
3 of the 98th General Assembly, including Sections 14-106.5 and
4 15-132.9 of the Illinois Pension Code, and Section 5 of the
5 State Employees Group Insurance Act of 1971. Nothing in this
6 Act shall be construed to replace the necessity of complaints
7 against a sworn peace officer, as defined in Section 2(a) of
8 the Uniform Peace Officer Disciplinary Act, from having a
9 complaint supported by a sworn affidavit.

10 (b) Except as provided in subsection (a) above, any
11 collective bargaining contract between a public employer and a
12 labor organization executed pursuant to this Act shall
13 supersede any contrary statutes, charters, ordinances, rules
14 or regulations relating to wages, hours and conditions of
15 employment and employment relations adopted by the public
16 employer or its agents. Any collective bargaining agreement
17 entered into prior to the effective date of this Act shall
18 remain in full force during its duration.

19 (c) It is the public policy of this State, pursuant to
20 paragraphs (h) and (i) of Section 6 of Article VII of the
21 Illinois Constitution, that the provisions of this Act are the
22 exclusive exercise by the State of powers and functions which
23 might otherwise be exercised by home rule units. Such powers
24 and functions may not be exercised concurrently, either
25 directly or indirectly, by any unit of local government,
26 including any home rule unit, except as otherwise authorized by

1 this Act.

2 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

3 Section B-10. If and only if any of the changes made by
4 Part A of this Act to provisions in Article 15 of the Illinois
5 Pension Code concerning (i) automatic annual increases, (ii)
6 employee or member contributions, (iii) State or employer
7 contributions, (iv) State funding guarantees, or (v) salary,
8 earnings, or compensation is declared to be unconstitutional or
9 otherwise invalid, then the State Employees Group Insurance Act
10 of 1971 is amended by changing Sections 6.9 and 6.10 and by
11 adding Section 6.10A as follows:

12 (5 ILCS 375/6.9)

13 Sec. 6.9. Health benefits for community college benefit
14 recipients and community college dependent beneficiaries.

15 (a) Purpose. It is the purpose of this amendatory Act of
16 1997 to establish a uniform program of health benefits for
17 community college benefit recipients and their dependent
18 beneficiaries under the administration of the Department of
19 Central Management Services.

20 (b) Creation of program. Beginning July 1, 1999, the
21 Department of Central Management Services shall be responsible
22 for administering a program of health benefits for community
23 college benefit recipients and community college dependent
24 beneficiaries under this Section. The State Universities

1 Retirement System and the boards of trustees of the various
2 community college districts shall cooperate with the
3 Department in this endeavor.

4 (c) Eligibility. All community college benefit recipients
5 and community college dependent beneficiaries shall be
6 eligible to participate in the program established under this
7 Section, without any interruption or delay in coverage or
8 limitation as to pre-existing medical conditions. Eligibility
9 to participate shall be determined by the State Universities
10 Retirement System. Eligibility information shall be
11 communicated to the Department of Central Management Services
12 in a format acceptable to the Department.

13 (d) Coverage. The health benefit coverage provided under
14 this Section shall be a program of health, dental, and vision
15 benefits.

16 The program of health benefits under this Section may
17 include any or all of the benefit limitations, including but
18 not limited to a reduction in benefits based on eligibility for
19 federal medicare benefits, that are provided under subsection
20 (a) of Section 6 of this Act for other health benefit programs
21 under this Act.

22 (e) Insurance rates and premiums. The Director shall
23 determine the insurance rates and premiums for community
24 college benefit recipients and community college dependent
25 beneficiaries. Rates and premiums may be based in part on age
26 and eligibility for federal Medicare coverage. The Director

1 shall also determine premiums that will allow for the
2 establishment of an actuarially sound reserve for this program.

3 The cost of health benefits under the program shall be paid
4 as follows:

5 (1) For a community college benefit recipient, costs
6 shall be an amount equal to the difference between the
7 projected costs of health benefits under the program and
8 projected contributions from community college districts,
9 active contributors, and other income of the program. Other
10 income of the program shall exclude contributions made by
11 the State to retire unpaid claims of the program up to 75%
12 of the total insurance rate shall be paid from the
13 Community College Health Insurance Security Fund.

14 (2) The balance of the rate of insurance, including the
15 entire premium for any coverage for community college
16 dependent beneficiaries that has been elected, shall be
17 paid by deductions authorized by the community college
18 benefit recipient to be withheld from his or her monthly
19 annuity or benefit payment from the State Universities
20 Retirement System; except that (i) if the balance of the
21 cost of coverage exceeds the amount of the monthly annuity
22 or benefit payment, the difference shall be paid directly
23 to the State Universities Retirement System by the
24 community college benefit recipient, and (ii) all or part
25 of the balance of the cost of coverage may, at the option
26 of the board of trustees of the community college district,

1 be paid to the State Universities Retirement System by the
2 board of the community college district from which the
3 community college benefit recipient retired. The State
4 Universities Retirement System shall promptly deposit all
5 moneys withheld by or paid to it under this subdivision
6 (e) (2) into the Community College Health Insurance
7 Security Fund. These moneys shall not be considered assets
8 of the State Universities Retirement System.

9 (f) Financing. All revenues arising from the
10 administration of the health benefit program established under
11 this Section shall be deposited into the Community College
12 Health Insurance Security Fund, which is hereby created as a
13 nonappropriated trust fund to be held outside the State
14 Treasury, with the State Treasurer as custodian. Any interest
15 earned on moneys in the Community College Health Insurance
16 Security Fund shall be deposited into the Fund.

17 Moneys in the Community College Health Insurance Security
18 Fund shall be used only to pay the costs of the health benefit
19 program established under this Section, including associated
20 administrative costs and the establishment of a program
21 reserve. Beginning January 1, 1999, the Department of Central
22 Management Services may make expenditures from the Community
23 College Health Insurance Security Fund for those costs.

24 (g) Contract for benefits. The Director shall by contract,
25 self-insurance, or otherwise make available the program of
26 health benefits for community college benefit recipients and

1 their community college dependent beneficiaries that is
2 provided for in this Section. The contract or other arrangement
3 for the provision of these health benefits shall be on terms
4 deemed by the Director to be in the best interest of the State
5 of Illinois and the community college benefit recipients based
6 on, but not limited to, such criteria as administrative cost,
7 service capabilities of the carrier or other contractor, and
8 the costs of the benefits.

9 (h) Continuation of program. It is the intention of the
10 General Assembly that the program of health benefits provided
11 under this Section be maintained on an ongoing, affordable
12 basis. The program of health benefits provided under this
13 Section may be amended by the State and is not intended to be a
14 pension or retirement benefit subject to protection under
15 Article XIII, Section 5 of the Illinois Constitution.

16 (i) Other health benefit plans. A health benefit plan
17 provided by a community college district (other than a
18 community college district subject to Article VII of the Public
19 Community College Act) under the terms of a collective
20 bargaining agreement in effect on or prior to the effective
21 date of this amendatory Act of 1997 shall continue in force
22 according to the terms of that agreement, unless otherwise
23 mutually agreed by the parties to that agreement and the
24 affected retiree. A community college benefit recipient or
25 community college dependent beneficiary whose coverage under
26 such a plan expires shall be eligible to begin participating in

1 the program established under this Section without any
2 interruption or delay in coverage or limitation as to
3 pre-existing medical conditions.

4 This Act does not prohibit any community college district
5 from offering additional health benefits for its retirees or
6 their dependents or survivors.

7 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

8 (5 ILCS 375/6.10)

9 Sec. 6.10. Contributions to the Community College Health
10 Insurance Security Fund.

11

12 (a) Beginning January 1, 1999, every active contributor of
13 the State Universities Retirement System (established under
14 Article 15 of the Illinois Pension Code) who (1) is a full-time
15 employee of a community college district (other than a
16 community college district subject to Article VII of the Public
17 Community College Act) or an association of community college
18 boards and (2) is not an employee as defined in Section 3 of
19 this Act shall make contributions toward the cost of community
20 college annuitant and survivor health benefits at the rate of
21 0.50% of salary. Beginning with the first State fiscal year to
22 occur after the end of the election period specified in Section
23 15-132.9, the contribution rate under this subsection (a) shall
24 be 1.25% of salary. Beginning with the second State fiscal year
25 to occur after the end of the election period specified in

1 Section 15-132.9, the contribution rate under this subsection
2 (a) shall be a percentage of salary determined by the
3 Department of Central Management Services, or its successor, by
4 rule, which in each fiscal year shall not exceed 108% of the
5 percentage of salary actually required to be contributed in the
6 previous fiscal year. However, the required contribution rate
7 determined by the Department or its successor under this
8 subsection (a) shall equal the required contribution rate
9 determined by the Department or its successor under subsection
10 (b) of this Section.

11 These contributions shall be deducted by the employer and
12 paid to the State Universities Retirement System as service
13 agent for the Department of Central Management Services. The
14 System may use the same processes for collecting the
15 contributions required by this subsection that it uses to
16 collect the contributions received from those employees under
17 Section 15-157 of the Illinois Pension Code. An employer may
18 agree to pick up or pay the contributions required under this
19 subsection on behalf of the employee; such contributions shall
20 be deemed to have been paid by the employee.

21 The State Universities Retirement System shall promptly
22 deposit all moneys collected under this subsection (a) into the
23 Community College Health Insurance Security Fund created in
24 Section 6.9 of this Act. The moneys collected under this
25 Section shall be used only for the purposes authorized in
26 Section 6.9 of this Act and shall not be considered to be

1 assets of the State Universities Retirement System.
2 Contributions made under this Section are not transferable to
3 other pension funds or retirement systems and are not
4 refundable upon termination of service.

5 (b) Beginning January 1, 1999, every community college
6 district (other than a community college district subject to
7 Article VII of the Public Community College Act) or association
8 of community college boards that is an employer under the State
9 Universities Retirement System shall contribute toward the
10 cost of the community college health benefits provided under
11 Section 6.9 of this Act an amount equal to 0.50% of the salary
12 paid to its full-time employees who participate in the State
13 Universities Retirement System and are not members as defined
14 in Section 3 of this Act. Beginning with the first State fiscal
15 year to occur after the end of the election period specified in
16 Section 15-132.9, the contribution rate under this subsection
17 (b) shall be 1.25% of salary. Beginning with the second State
18 fiscal year to occur after the end of the election period
19 specified in Section 15-132.9, the contribution rate under this
20 subsection (b) shall be a percentage of salary determined by
21 the Department of Central Management Services, or its
22 successor, by rule, which in each fiscal year shall not exceed
23 108% of the percentage of salary actually required to be
24 contributed in the previous fiscal year. However, the required
25 contribution rate determined by the Department or its successor
26 under this subsection (b) shall equal the required contribution

1 rate determined by the Department or its successor under
2 subsection (a) of this Section.

3 These contributions shall be paid by the employer to the
4 State Universities Retirement System as service agent for the
5 Department of Central Management Services. The System may use
6 the same processes for collecting the contributions required by
7 this subsection that it uses to collect the contributions
8 received from those employers under Section 15-155 of the
9 Illinois Pension Code.

10 The State Universities Retirement System shall promptly
11 deposit all moneys collected under this subsection (b) into the
12 Community College Health Insurance Security Fund created in
13 Section 6.9 of this Act. The moneys collected under this
14 Section shall be used only for the purposes authorized in
15 Section 6.9 of this Act and shall not be considered to be
16 assets of the State Universities Retirement System.
17 Contributions made under this Section are not transferable to
18 other pension funds or retirement systems and are not
19 refundable upon termination of service.

20 The Department of Healthcare and Family Services, or any
21 successor agency designated to procure healthcare contracts
22 pursuant to this Act, is authorized to establish funds,
23 separate accounts provided by any bank or banks as defined by
24 the Illinois Banking Act, or separate accounts provided by any
25 savings and loan association or associations as defined by the
26 Illinois Savings and Loan Act of 1985 to be held by the

1 Director, outside the State treasury, for the purpose of
2 receiving the transfer of moneys from the Community College
3 Health Insurance Security Fund. The Department may promulgate
4 rules further defining the methodology for the transfers. Any
5 interest earned by moneys in the funds or accounts shall inure
6 to the Community College Health Insurance Security Fund. The
7 transferred moneys, and interest accrued thereon, shall be used
8 exclusively for transfers to administrative service
9 organizations or their financial institutions for payments of
10 claims to claimants and providers under the self-insurance
11 health plan. The transferred moneys, and interest accrued
12 thereon, shall not be used for any other purpose including, but
13 not limited to, reimbursement of administration fees due the
14 administrative service organization pursuant to its contract
15 or contracts with the Department.

16 (c) On or before November 15 of each year, the Board of
17 Trustees of the State Universities Retirement System shall
18 certify to the Governor, the Director of Central Management
19 Services, and the State Comptroller its estimate of the total
20 amount of contributions to be paid under subsection (a) of this
21 Section for the next fiscal year, except that no certification
22 shall be made under this subsection (c) on or after the
23 effective date of the changes made to this Section by this
24 amendatory Act of the 98th General Assembly. Beginning in
25 fiscal year 2008, the amount certified shall be decreased or
26 increased each year by the amount that the actual active

1 employee contributions either fell short of or exceeded the
2 estimate used by the Board in making the certification for the
3 previous fiscal year. The State Universities Retirement System
4 shall calculate the amount of actual active employee
5 contributions in fiscal years 1999 through 2005. Based upon
6 this calculation, the fiscal year 2008 certification shall
7 include an amount equal to the cumulative amount that the
8 actual active employee contributions either fell short of or
9 exceeded the estimate used by the Board in making the
10 certification for those fiscal years. The certification shall
11 include a detailed explanation of the methods and information
12 that the Board relied upon in preparing its estimate. As soon
13 as possible after the effective date of this Section, the Board
14 shall submit its estimate for fiscal year 1999.

15 (d) Beginning in fiscal year 1999, on the first day of each
16 month, or as soon thereafter as may be practical, the State
17 Treasurer and the State Comptroller shall transfer from the
18 General Revenue Fund to the Community College Health Insurance
19 Security Fund 1/12 of the annual amount appropriated for that
20 fiscal year to the State Comptroller for deposit into the
21 Community College Health Insurance Security Fund under Section
22 1.4 of the State Pension Funds Continuing Appropriation Act.

23 (e) Except where otherwise specified in this Section, the
24 definitions that apply to Article 15 of the Illinois Pension
25 Code apply to this Section.

26 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

1 (5 ILCS 375/6.10A new)

2 Sec. 6.10A. City colleges; optional participation in
3 program of health benefits. Notwithstanding any other
4 provision of this Act, the Department of Central Management
5 Services shall adopt rules authorizing optional participation
6 in the program of health benefits for community college benefit
7 recipients and community college dependent beneficiaries by
8 any person who is otherwise ineligible to participate in that
9 program solely as a result of that or another person's
10 employment with a community college district subject to Article
11 VII of the Public Community College Act.

12 Section B-12. If and only if any of the changes made by
13 Part A of this Act to provisions in Article 2, 14, or 15 of the
14 Illinois Pension Code concerning (i) automatic annual
15 increases, (ii) employee or member contributions, (iii) State
16 or employer contributions, (iv) State funding guarantees, or
17 (v) salary, earnings, or compensation is declared to be
18 unconstitutional or otherwise invalid, then the State
19 Employees Group Insurance Act of 1971 is amended by adding
20 Section 6.16 as follows:

21 (5 ILCS 375/6.16 new)

22 Sec. 6.16. Health benefit election for Tier I employees and
23 Tier I retirees.

1 (a) For purposes of this Section:

2 "Eligible Tier I employee" means, except as provided in
3 subsection (g) of this Section, an individual who makes or is
4 deemed to have made an election under paragraph (1) of
5 subsection (a) of Section 2-110.3, 14-106.5, or 15-132.9 of the
6 Illinois Pension Code.

7 "Eligible Tier I retiree" means an individual who makes or
8 is deemed to have made an election under paragraph (1) of
9 subsection (a-5) of Section 2-110.3, 14-106.5, or 15-132.9 of
10 the Illinois Pension Code.

11 "Program of health benefits" means (i) a health plan, as
12 defined in subsection (o) of Section 3 of this Act, that is
13 designed and contracted for by the Director under this Act or
14 any successor Act or (ii) if administration of that health plan
15 is transferred to a trust established by the State or an
16 independent Board in order to provide health benefits to a
17 class of persons that includes eligible Tier I retirees, then
18 the plan of health benefits provided through that trust.

19 (b) As adequate and legal consideration for making the
20 election under paragraph (1) of subsection (a) or (a-5) of
21 Section 2-110.3, 14-106.5, or 15-132.9 of the Illinois Pension
22 Code, as the case may be, each eligible Tier I employee and
23 each eligible Tier I retiree shall receive a vested and
24 enforceable contractual right to participate in a program of
25 health benefits while he or she qualifies as an annuitant or
26 retired employee. That right also extends to such a person's

1 dependents and survivors who are eligible under the applicable
2 program of health benefits.

3 (c) Notwithstanding subsection (b), eligible Tier I
4 employees and eligible Tier I retirees may be required to make
5 contributions toward the cost of coverage under a program of
6 health benefits.

7 (d) The vested and enforceable contractual right to a
8 program of health benefits is not offered as, and shall not be
9 considered, a pension or retirement benefit under Article XIII,
10 Section 5 of the Illinois Constitution, the Illinois Pension
11 Code, or any subsequent or successor enactment providing
12 pension benefits.

13 (e) Notwithstanding any other provision of this Act to the
14 contrary, except subsection (g) of this Section, a Tier I
15 employee or Tier I retiree who has made an election under
16 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3,
17 14-106.5, or 15-132.9 of the Illinois Pension Code, as the case
18 may be, shall not be entitled to participate in any program of
19 health benefits under this Act as an annuitant or retired
20 employee receiving a retirement annuity, regardless of any
21 contrary election pursuant to any of those Sections under any
22 other retirement system.

23 Notwithstanding any other provision of this Act to the
24 contrary, except subsection (g) of this Section, a Tier I
25 employee who is not entitled to participate in the program of
26 health benefits as an annuitant or retired employee receiving a

1 retirement annuity, due to an election under paragraph (2) of
2 subsection (a) or (a-5) of Section 2-110.3, 14-106.5, or
3 15-132.9 of the Illinois Pension Code, as the case may be,
4 shall not be required to make contributions toward the program
5 of health benefits while he or she is an employee or active
6 contributor. However, an active employee may be required to
7 make contributions toward health benefits he or she receives
8 during active service.

9 (f) The Department shall coordinate with each retirement
10 system administering an election in accordance with this
11 amendatory Act of the 98th General Assembly to provide
12 information concerning the impact of the election of health
13 benefits. Each System shall include information prepared by the
14 Department in the required election packet. The Department
15 shall make information available to Tier I employees and Tier I
16 retirees through video materials, group presentations,
17 consultation by telephone or other electronic means, or any
18 combination of these methods. The information in the election
19 packet shall include a notice that states: "YOU ARE HEREBY
20 ADVISED THAT THE PROGRAM OF HEALTH BENEFITS OFFERED IS FOR
21 ACCESS TO A GROUP HEALTHCARE PLAN ADMINISTERED BY THE
22 DEPARTMENT, AND YOU MAY BE REQUIRED TO PAY FOR THE FULL COST OF
23 COVERAGE PROVIDED BY THE PLAN, INCLUDING ALL PREMIUM,
24 DEDUCTIBLE, AND COPAY AMOUNTS."

25 (g) Nothing in this Section shall be construed as applying
26 to a person who is eligible to make or who made the election

1 authorized under Section 15-135.1 of the Illinois Pension Code.

2 Section B-15. If and only if Section B-30, B-35, or B-40 of
3 this Part B takes effect, then the Governor's Office of
4 Management and Budget Act is amended by changing Sections 7 and
5 8 as follows:

6 (20 ILCS 3005/7) (from Ch. 127, par. 417)

7 Sec. 7. All statements and estimates of expenditures
8 submitted to the Office in connection with the preparation of a
9 State budget, and any other estimates of expenditures,
10 supporting requests for appropriations, shall be formulated
11 according to the various functions and activities for which the
12 respective department, office or institution of the State
13 government (including the elective officers in the executive
14 department and including the University of Illinois and the
15 judicial department) is responsible. All such statements and
16 estimates of expenditures relating to a particular function or
17 activity shall be further formulated or subject to analysis in
18 accordance with the following classification of objects:

- 19 (1) Personal services
- 20 (2) State contribution for employee group insurance
- 21 (3) Contractual services
- 22 (4) Travel
- 23 (5) Commodities
- 24 (6) Equipment

- 1 (7) Permanent improvements
- 2 (8) Land
- 3 (9) Electronic Data Processing
- 4 (10) Telecommunication services
- 5 (11) Operation of Automotive Equipment
- 6 (12) Contingencies
- 7 (13) Reserve
- 8 (14) Interest
- 9 (15) Awards and Grants
- 10 (16) Debt Retirement
- 11 (17) Non-cost Charges-
- 12 (18) State retirement contribution for annual normal cost
- 13 (19) State retirement contribution for unfunded accrued
- 14 liability.

15 (Source: P.A. 93-25, eff. 6-20-03.)

16 (20 ILCS 3005/8) (from Ch. 127, par. 418)

17 Sec. 8. When used in connection with a State budget or
18 expenditure or estimate, items (1) through (16) in the
19 classification of objects stated in Section 7 shall have the
20 meanings ascribed to those items in Sections 14 through 24.7,
21 respectively, of the State Finance Act. ~~"An Act in relation to~~
22 ~~State finance", approved June 10, 1919, as amended.~~

23 When used in connection with a State budget or expenditure
24 or estimate, items (18) and (19) in the classification of
25 objects stated in Section 7 shall have the meanings ascribed to

1 those items in Sections 24.12 and 24.13, respectively, of the
2 State Finance Act.

3 (Source: P.A. 82-325.)

4 Section B-20. If and only if Section B-30, B-35, or B-40 of
5 this Part B takes effect, then the State Finance Act is amended
6 by changing Section 13 and by adding Sections 24.12 and 24.13
7 as follows:

8 (30 ILCS 105/13) (from Ch. 127, par. 149)

9 Sec. 13. The objects and purposes for which appropriations
10 are made are classified and standardized by items as follows:

- 11 (1) Personal services;
- 12 (2) State contribution for employee group insurance;
- 13 (3) Contractual services;
- 14 (4) Travel;
- 15 (5) Commodities;
- 16 (6) Equipment;
- 17 (7) Permanent improvements;
- 18 (8) Land;
- 19 (9) Electronic Data Processing;
- 20 (10) Operation of automotive equipment;
- 21 (11) Telecommunications services;
- 22 (12) Contingencies;
- 23 (13) Reserve;
- 24 (14) Interest;

- 1 (15) Awards and Grants;
- 2 (16) Debt Retirement;
- 3 (17) Non-Cost Charges;
- 4 (18) State retirement contribution for annual normal cost;
- 5 (19) State retirement contribution for unfunded accrued
- 6 liability;
- 7 (20) ~~(18)~~ Purchase Contract for Real Estate.

8 When an appropriation is made to an officer, department,

9 institution, board, commission or other agency, or to a private

10 association or corporation, in one or more of the items above

11 specified, such appropriation shall be construed in accordance

12 with the definitions and limitations specified in this Act,

13 unless the appropriation act otherwise provides.

14 An appropriation for a purpose other than one specified and

15 defined in this Act may be made only as an additional, separate

16 and distinct item, specifically stating the object and purpose

17 thereof.

18 (Source: P.A. 84-263; 84-264.)

19 (30 ILCS 105/24.12 new)

20 Sec. 24.12. "State retirement contribution for annual

21 normal cost" defined. The term "State retirement contribution

22 for annual normal cost" means the portion of the total required

23 State contribution to a retirement system for a fiscal year

24 that represents the State's portion of the System's projected

25 normal cost for that fiscal year, as determined and certified

1 by the board of trustees of the retirement system in
2 conformance with the applicable provisions of the Illinois
3 Pension Code.

4 (30 ILCS 105/24.13 new)

5 Sec. 24.13. "State retirement contribution for unfunded
6 accrued liability" defined. The term "State retirement
7 contribution for unfunded accrued liability" means the portion
8 of the total required State contribution to a retirement system
9 for a fiscal year that is not included in the State retirement
10 contribution for annual normal cost.

11 Section B-22. If and only if Section A-15 is declared to be
12 unconstitutional or otherwise invalid, then the Budget
13 Stabilization Act is amended by changing Sections 20 and 25 as
14 follows:

15 (30 ILCS 122/20)

16 Sec. 20. Pension Stabilization Fund.

17 (a) The Pension Stabilization Fund is hereby created as a
18 special fund in the State treasury. Moneys in the fund shall be
19 used for the sole purpose of making payments to the designated
20 retirement systems as provided in Section 25.

21 (b) For each fiscal year when the General Assembly's
22 appropriations and transfers or diversions as required by law
23 from general funds do not exceed 99% of the estimated general

1 funds revenues pursuant to subsection (a) of Section 10, the
2 Comptroller shall transfer from the General Revenue Fund as
3 provided by this Section a total amount equal to 0.5% of the
4 estimated general funds revenues to the Pension Stabilization
5 Fund.

6 (c) For each fiscal year through State fiscal year 2013,
7 when the General Assembly's appropriations and transfers or
8 diversions as required by law from general funds do not exceed
9 98% of the estimated general funds revenues pursuant to
10 subsection (b) of Section 10, the Comptroller shall transfer
11 from the General Revenue Fund as provided by this Section a
12 total amount equal to 1.0% of the estimated general funds
13 revenues to the Pension Stabilization Fund.

14 (c-10) In State fiscal year 2020 and each fiscal year
15 thereafter, the State Comptroller shall order transferred and
16 the State Treasurer shall transfer \$1,000,000,000 from the
17 General Revenue Fund to the Pension Stabilization Fund.

18 (c-15) The transfers made pursuant to subsection (c-10) of
19 this Section shall continue through State fiscal year 2045 or
20 until each of the designated retirement systems, as defined in
21 Section 25, has achieved the funding ratio prescribed by law
22 for that retirement system, whichever occurs first.

23 (d) The Comptroller shall transfer 1/12 of the total amount
24 to be transferred each fiscal year under this Section into the
25 Pension Stabilization Fund on the first day of each month of
26 that fiscal year or as soon thereafter as possible; except that

1 the final transfer of the fiscal year shall be made as soon as
2 practical after the August 31 following the end of the fiscal
3 year.

4 Until State fiscal year 2014, before ~~Before~~ the final
5 transfer for a fiscal year is made, the Comptroller shall
6 reconcile the estimated general funds revenues used in
7 calculating the other transfers under this Section for that
8 fiscal year with the actual general funds revenues for that
9 fiscal year. The final transfer for the fiscal year shall be
10 adjusted so that the total amount transferred under this
11 Section for that fiscal year is equal to the percentage
12 specified in subsection (b) or (c) of this Section, whichever
13 is applicable, of the actual general funds revenues for that
14 fiscal year. The actual general funds revenues for the fiscal
15 year shall be calculated in a manner consistent with subsection
16 (c) of Section 10 of this Act.

17 (Source: P.A. 94-839, eff. 6-6-06.)

18 (30 ILCS 122/25)

19 Sec. 25. Transfers from the Pension Stabilization Fund.

20 (a) As used in this Section, "designated retirement
21 systems" means:

22 (1) the State Employees' Retirement System of
23 Illinois;

24 (2) the Teachers' Retirement System of the State of
25 Illinois;

1 (3) the State Universities Retirement System;

2 (4) the Judges Retirement System of Illinois; and

3 (5) the General Assembly Retirement System.

4 (b) As soon as may be practical after any money is
5 deposited into the Pension Stabilization Fund, the State
6 Comptroller shall apportion the deposited amount among the
7 designated retirement systems and the State Comptroller and
8 State Treasurer shall pay the apportioned amounts to the
9 designated retirement systems. The amount deposited shall be
10 apportioned among the designated retirement systems in the same
11 proportion as their respective portions of the total actuarial
12 reserve deficiency of the designated retirement systems, as
13 most recently determined by the Governor's Office of Management
14 and Budget. Amounts received by a designated retirement system
15 under this Section shall be used for funding the unfunded
16 liabilities of the retirement system. Payments under this
17 Section are authorized by the continuing appropriation under
18 Section 1.7 of the State Pension Funds Continuing Appropriation
19 Act.

20 (c) At the request of the State Comptroller, the Governor's
21 Office of Management and Budget shall determine the individual
22 and total actuarial reserve deficiencies of the designated
23 retirement systems. For this purpose, the Governor's Office of
24 Management and Budget shall consider the latest available audit
25 and actuarial reports of each of the retirement systems and the
26 relevant reports and statistics of the Public Pension Division

1 of the Department of Financial and Professional Regulation.

2 (d) Payments to the designated retirement systems under
3 this Section shall be in addition to, and not in lieu of, any
4 State contributions required under Section 2-124, 14-131,
5 15-155, 16-158, or 18-131 of the Illinois Pension Code.

6 Payments to the designated retirement systems under this
7 Section, transferred after the effective date of this
8 amendatory Act of the 98th General Assembly, do not reduce and
9 do not constitute payment of any portion of the required State
10 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
11 Pension Code in that fiscal year. Such amounts shall not
12 reduce, and shall not be included in the calculation of, the
13 required State contribution under Article 2, 14, 15, 16, or 18
14 of the Illinois Pension Code in any future year, until the
15 designated retirement system has received payment of
16 contributions pursuant to this Act.

17 (Source: P.A. 94-839, eff. 6-6-06.)

18 Section B-25. If and only if Section B-35 or B-40 of this
19 Part B takes effect, then the Illinois Pension Code is amended
20 by adding Section 1-162 as follows:

21 (40 ILCS 5/1-162 new)

22 Sec. 1-162. Optional cash balance plan.

23 (a) Participation and Applicability. Beginning 12 months
24 after the effective date of this Section, any Tier I employee

1 who has made the election under paragraph (1) of subsection (a)
2 or (a-5) of Section 14-106.5 or 15-132.9 may elect to
3 participate in the optional cash balance plan created under
4 this Section.

5 The Board of Trustees of the applicable retirement system
6 shall promulgate rules to create an annual election wherein a
7 person eligible to participate in the optional cash balance
8 plan may elect to participate, and an active employee who is a
9 participant in the plan may elect to cease active
10 participation. The election to cease active participation
11 shall not disqualify the employee from eligibility to receive
12 an interest credit under subsection (f), a distribution upon
13 termination under subsection (f-10), a refund under subsection
14 (f-15), a retirement annuity under subsection (g), or a
15 survivor's annuity under subsection (k), or from eligibility to
16 resume active participation in the optional cash balance plan
17 in a subsequent year.

18 (b) Title. The package of benefits provided under this
19 Section may be referred to as the "optional cash balance plan".
20 Persons subject to the provisions of this Section may be
21 referred to as "participants in the optional cash balance
22 plan".

23 (b-5) Definitions. As used in this Section:

24 "Account" means the notional cash balance account
25 established under this Section for a participant in the
26 optional cash balance plan.

1 "Salary" means "compensation" as defined in Article 14 and
2 "earnings" as defined in Article 15, whichever is applicable,
3 without regard to the limitation in subsection (b-5) of Section
4 1-160.

5 "Tier I employee" means a person who is a Tier I employee
6 under the applicable Article of this Code.

7 (c) Cash Balance Account. A notional cash balance account
8 shall be established by the applicable retirement system for
9 each participant in the optional cash balance plan. The account
10 is notional and does not contain any actual money segregated
11 from the commingled assets of the retirement system. The cash
12 balance in the account is to be used in calculating benefits as
13 provided in this Section, but is not to be used in the
14 calculation of any refund, transfer, or other benefit under the
15 applicable Article of this Code.

16 The amounts to be credited to the cash balance account
17 shall consist of (i) amounts contributed by or on behalf of the
18 participant as employee contributions, (ii) notional employer
19 contributions, and (iii) interest credit that is attributable
20 to the account, all as provided in this Section.

21 Whenever necessary for the prompt calculation or
22 administration, or when the System lacks information necessary
23 to the calculation or administration otherwise required of or
24 for a benefit under this Section, the applicable retirement
25 system may estimate an amount to be credited to or debited from
26 a participant's cash balance account and then adjust the amount

1 so credited or debited when more accurate information becomes
2 available.

3 The applicable retirement system shall give to each
4 participant in the optional cash balance plan who has not yet
5 retired annual notice of (1) the balance in the participant's
6 cash balance account and (2) an estimate of the retirement
7 annuity that will be payable to the participant if he or she
8 retires at age 59 1/2.

9 (d) Employee Contributions. In addition to the other
10 contributions required under the applicable Article, each
11 participant shall make contributions to the applicable
12 retirement system at the rate of 2% of each payment of salary.
13 The amount of each contribution shall be credited to the
14 participant's cash balance account upon receipt and after the
15 retirement system's reconciliation of the contribution.

16 (e) Optional Employer Contributions. Employers may make
17 optional additional contributions to the applicable retirement
18 system on behalf of their employees who are participants in the
19 optional cash balance plan in accordance with procedures
20 prescribed by the retirement system to the extent permitted by
21 federal law and the rules prescribed by the retirement system.
22 The optional additional contributions under this subsection
23 are actual monetary contributions to the retirement system, and
24 the amount of each optional additional contribution shall be
25 credited to the participant's cash balance account upon receipt
26 and after the retirement system's reconciliation of the

1 contribution.

2 (f) Interest Credit. An amount representing earnings on
3 investments shall be determined by the retirement system in
4 accordance with this Section and credited to the participant's
5 cash balance account for each fiscal year in which there is a
6 positive balance in that account; except that no additional
7 interest credit shall be credited while an annuity based on the
8 account is being paid. The interest credit amount shall be a
9 percentage of the average quarterly balance in the cash balance
10 account during that fiscal year and shall be calculated on June
11 30.

12 The percentage shall be the assumed treasury rate for the
13 previous fiscal year, unless neither the retirement system's
14 actual rate of investment earnings for the previous fiscal year
15 nor the retirement system's actual rate of investment earnings
16 for the five-year period ending at the end of the previous
17 fiscal year is less than the assumed treasury rate.

18 If both the retirement system's actual rate of investment
19 earnings for the previous fiscal year and the actual rate of
20 investment earnings for the five-year period ending at the end
21 of the previous fiscal year are at least the assumed treasury
22 rate, then the percentage shall be:

23 (i) the assumed treasury rate, plus

24 (ii) two-thirds of the amount of the actual rate of
25 investment earnings for the previous fiscal year that
26 exceeds the assumed treasury rate.

1 However, in no event shall the percentage applied under this
2 subsection exceed 10%.

3 For the purposes of this subsection only, "previous fiscal
4 year" means the fiscal year ending one year before the interest
5 rate is calculated.

6 For the purposes of this subsection only, "assumed treasury
7 rate" means the average annual yield of the 30-year U.S.
8 Treasury Bond over the previous fiscal year, but not less than
9 4%.

10 When a person applies for a benefit under this Section, the
11 retirement system shall apply an interest credit based on a
12 proration of an estimate of what the interest credit will be
13 for the relevant year. When the retirement system certifies the
14 credit on June 30, it shall adjust the benefit accordingly.

15 (f-10) Distribution upon Termination of Employment. Upon
16 termination of active employment with at least 5 years of
17 service credit under the applicable retirement system and prior
18 to making application for an annuity under this Section, a
19 participant in the optional cash balance plan may make an
20 irrevocable election to distribute an amount not to exceed 40%
21 of the balance in the participant's account in the form of a
22 direct rollover to another qualified plan, to the extent
23 allowed by federal law. If the participant makes such an
24 election, then the amount distributed shall be debited from the
25 participant's cash balance account. A participant in the
26 optional cash balance plan shall be allowed only one

1 distribution under this subsection. The remaining balance in
2 the participant's account shall be used for the determination
3 of other benefits provided under this Section.

4 (f-15) Refund. In lieu of receiving a distribution under
5 subsection (f-10), at any time after terminating active
6 employment under the applicable retirement system, but before
7 receiving a retirement annuity under this Section, a
8 participant in the optional cash balance plan may elect to
9 receive a refund under this subsection. The refund shall
10 consist of an amount equal to the amount of all employee
11 contributions credited to the participant's account, but shall
12 not include any interest credit or employer contributions. If
13 the participant so requests, the refund may be paid in the form
14 of a direct rollover to another qualified plan, to the extent
15 allowed by federal law and in accordance with the rules of the
16 applicable retirement system. Upon payment of the refund, the
17 participant's notional cash balance account shall be closed.

18 (g) Retirement Annuity. A participant in the optional cash
19 balance plan may begin collecting a retirement annuity at age
20 59 1/2, but no earlier than the date of termination of active
21 employment under the applicable retirement system.

22 The amount of the retirement annuity shall be calculated by
23 the retirement system, based on the balance in the cash balance
24 account, the assumption of future investment returns as
25 specified in this subsection, the participant's election to
26 have a lifetime survivor's annuity as specified in this

1 subsection, the annual increase in retirement annuity as
2 specified in subsection (h), the annual increase in survivor's
3 annuity as specified in subsection (l), and any actuarial
4 assumptions and tables adopted by the board of the retirement
5 system for this purpose. The calculation shall determine the
6 amount of retirement annuity, on an actuarially equivalent
7 basis, that shall be designed to result in the balance in the
8 participant's account arriving at zero on the date when the
9 last payment of the retirement annuity (or survivor's annuity,
10 if the participant elects to provide for a survivor's annuity
11 pursuant to this subsection) is anticipated to be paid under
12 the relevant actuarial assumptions. A retirement annuity or a
13 survivor's annuity provided under this Section shall be a life
14 annuity and shall not expire if the account balance equals
15 zero.

16 The annuity payment shall begin on the date specified by
17 the participant submitting a written application, which date
18 shall not be prior to termination of employment or more than
19 one year before the application is received by the board;
20 however, if the participant is not an employee of an employer
21 participating in this System or in a participating system as
22 defined in Article 20 of this Code on April 1 of the calendar
23 year next following the calendar year in which the participant
24 attains age 70 1/2, the annuity payment period shall begin on
25 that date regardless of whether an application has been filed.

26 The participant may elect, under the participant's written

1 application for retirement, to receive a reduced annuity
2 payable for his or her life and to have a lifetime survivor's
3 annuity in a monthly amount equal to 50%, 75%, or 100% of that
4 reduced monthly amount, to be paid after the participant's
5 death to his or her eligible survivor. Eligibility for a
6 survivor's annuity shall be determined under the applicable
7 Article of this Code.

8 For the purpose of calculating retirement annuities,
9 future investment returns shall be assumed to be a percentage
10 equal to the average yield of the 30-year U.S. Treasury Bond
11 over the 5 fiscal years prior to the calculation of the initial
12 retirement annuity, plus 250 basis points, but not less than 4%
13 nor more than 8%.

14 (h) Annual Increase in Retirement Annuity. The retirement
15 annuity shall be subject to an automatic annual increase in an
16 amount equal to 3% of the originally granted annuity on each
17 January 1 occurring on or after the first anniversary of the
18 annuity start date.

19 (i) Disability Benefits. There are no disability benefits
20 provided under the optional cash balance plan, and no amounts
21 for disability shall be deducted from the account of a
22 participant in the optional cash balance plan. The disability
23 benefits provided under the applicable retirement system apply
24 to participants in the optional cash balance plan.

25 (j) Return to Service. Upon a return to service under the
26 same retirement system after beginning to receive a retirement

1 annuity under the optional cash balance plan, the retirement
2 annuity shall be suspended and active participation in the
3 optional cash balance plan shall resume. Upon termination of
4 the employment, the retirement annuity shall resume in an
5 amount to be recalculated in accordance with subsection (g),
6 taking into consideration the changes in the cash balance
7 account. If a retired annuitant returns to service, his or her
8 notional cash balance account shall be decreased by each
9 payment of retirement annuity prior to the return to service.

10 (k) Survivor's Annuity - Death before Retirement. In the
11 case of a participant in the optional cash balance plan who had
12 less than 5 years of service under the applicable Article and
13 had not begun receiving a retirement annuity, the eligible
14 survivor shall be entitled only to a refund of employee
15 contributions under subsection (f-15).

16 In the case of a participant in the optional cash balance
17 plan who had at least 5 years of service under the applicable
18 Article and had not begun receiving a retirement annuity, the
19 eligible survivor shall be entitled to receive a survivor's
20 annuity beginning at age 59 1/2 upon written application. The
21 survivor's annuity shall be calculated in the same manner as a
22 retirement annuity under subsection (g). At any time before
23 receiving a survivor's annuity, the eligible survivor may claim
24 a distribution under subsection (f-10) or a refund under
25 subsection (f-15). The deceased participant's account shall
26 continue to receive interest credit until the eligible survivor

1 begins to receive a survivor's annuity or receives a refund of
2 employee contributions under subsection (f-15).

3 Eligibility for a survivor's annuity shall be determined
4 under the applicable Article of this Code. A child's or
5 parent's annuity for an otherwise eligible child or dependent
6 parent shall be in the same amount, if any, prescribed under
7 the applicable Article.

8 (l) Annual Increase in Survivor's Annuity. A survivor's
9 annuity granted under subsection (g) or (k) shall be subject to
10 an automatic annual increase in an amount equal to 3% of the
11 originally granted annuity on each January 1 occurring on or
12 after the first anniversary of the annuity start date.

13 (m) Applicability of Provisions. The following provisions,
14 if and as they exist in this Code, do not apply to participants
15 in the optional cash balance plan with respect to participation
16 in the optional cash balance plan, except as they are
17 specifically provided for in this Section:

18 (1) minimum service or vesting requirements (other
19 than as provided in this Section);

20 (2) provisions limiting a retirement annuity to a
21 specified percentage of salary;

22 (3) provisions authorizing a minimum retirement or
23 survivor's annuity or a supplemental annuity;

24 (4) provisions authorizing any form of retirement
25 annuity or survivor's annuity not authorized under this
26 Section;

1 (5) provisions authorizing a reversionary annuity
2 (other than the survivor's annuity under subsection (g));

3 (6) provisions authorizing a refund of employee
4 contributions upon termination of service (other than upon
5 the death of the participant without an eligible survivor)
6 or any lump-sum payout in lieu of a retirement or
7 survivor's annuity (other than the distribution under
8 subsection (f-10) or the refund under subsection (f-15) of
9 this Section);

10 (7) provisions authorizing optional service credits or
11 the payment of optional additional contributions (other
12 than the optional employer contributions specifically
13 authorized in this Section); or

14 (8) a level income option.

15 The Retirement Systems Reciprocal Act (Article 20 of this
16 Code) does not apply to participation in the optional cash
17 balance plan and does not affect the calculation of benefits
18 payable under this Section.

19 The other provisions of this Code continue to apply to
20 participants in the optional cash balance plan to the extent
21 that they do not conflict with this Section. In the case of a
22 conflict between the provisions of this Section and any other
23 provision of this Code, the provisions of this Section control.

24 (n) Rules. The Board of Trustees of the applicable
25 retirement system may adopt rules and procedures for the
26 implementation of this Section, including but not limited to

1 determinations of how to integrate the administration of this
2 Section with the requirements of the applicable Article and any
3 other applicable provisions of this Code.

4 (o) Actual Employer Contributions. Payment of employer
5 contributions with respect to participants in the optional cash
6 balance plan shall be the responsibility of the actual
7 employer. Optional additional contributions by employers may
8 be paid in any amount, but must be paid in the manner specified
9 by the applicable retirement system.

10 (p) Prospective Modification. The provisions set forth in
11 this Section are subject to prospective changes made by law
12 provided that any such changes shall not apply to any benefits
13 accrued under this Section prior to the effective date of any
14 amendatory Act of the General Assembly.

15 (q) Qualified Plan Status. No provision of this Section
16 shall be interpreted in a way that would cause the applicable
17 retirement system to cease to be a qualified plan under Section
18 401(a) of the Internal Revenue Code of 1986.

19 Section B-28. If and only if any of the changes made in
20 Part A of this Act to Sections 2-101, 2-105, or 2-107 of the
21 Illinois Pension Code are declared to be unconstitutional or
22 otherwise invalid, then the Illinois Pension Code is amended by
23 changing Sections 2-101, 2-105, and 2-107 as follows:

24 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

1 Sec. 2-101. Creation of system. A retirement system is
2 created to provide retirement annuities, survivor's annuities
3 and other benefits for certain members of the General Assembly,
4 certain elected state officials, and their beneficiaries.

5 The system shall be known as the "General Assembly
6 Retirement System". All its funds and property shall be a trust
7 separate from all other entities, maintained for the purpose of
8 securing payment of annuities and benefits under this Article.

9 Participation in the retirement system created under this
10 Article is restricted to persons who become participants before
11 January 1, 2014. Beginning on that date, the System shall not
12 accept any new participants.

13 (Source: P.A. 83-1440.)

14 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

15 Sec. 2-105. Member. "Member": Members of the General
16 Assembly of this State, including persons who enter military
17 service while a member of the General Assembly, and any person
18 serving as Governor, Lieutenant Governor, Secretary of State,
19 Treasurer, Comptroller, or Attorney General for the period of
20 service in such office.

21 Any person who has served for 10 or more years as Clerk or
22 Assistant Clerk of the House of Representatives, Secretary or
23 Assistant Secretary of the Senate, or any combination thereof,
24 may elect to become a member of this system while thenceforth
25 engaged in such service by filing a written election with the

1 board. Any person so electing shall be deemed an active member
2 of the General Assembly for the purpose of validating and
3 transferring any service credits earned under any of the funds
4 and systems established under Articles 3 through 18 of this
5 Code.

6 However, notwithstanding any other provision of this
7 Article, a person shall not be deemed a member for the purposes
8 of this Article unless he or she became a participant of the
9 System before January 1, 2014.

10 (Source: P.A. 85-1008.)

11 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

12 Sec. 2-107. Participant. "Participant": Any member who
13 elects to participate; and any former member who elects to
14 continue participation under Section 2-117.1, for the duration
15 of such continued participation. However, notwithstanding any
16 other provision of this Article, a person shall not be deemed a
17 participant for the purposes of this Article unless he or she
18 became a participant of the System before January 1, 2014.

19 (Source: P.A. 86-1488.)

20 Section B-30. If and only if any of the changes made by
21 Part A of this Act to provisions in Article 2 of the Illinois
22 Pension Code concerning (i) automatic annual increases, (ii)
23 employee or member contributions, (iii) State or employer
24 contributions, (iv) State funding guarantees, or (v) salary,

1 earnings, or compensation is declared to be unconstitutional or
2 otherwise invalid, then the Illinois Pension Code is amended by
3 changing Sections 2-108, 2-119.1, 2-125, 2-134, and 2-162 and
4 adding Sections 2-105.1, 2-105.2, 2-107.9, and 2-110.3 as
5 follows:

6 (40 ILCS 5/2-105.1 new)

7 Sec. 2-105.1. Tier I employee. "Tier I employee": A
8 participant who first became a participant before January 1,
9 2011.

10 (40 ILCS 5/2-105.2 new)

11 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
12 former Tier I employee who is receiving a retirement annuity.

13 (40 ILCS 5/2-107.9 new)

14 Sec. 2-107.9. Future increase in income. "Future increase
15 in income": Any increase in income in any form offered for
16 service as a member under this Article after the end of the
17 election period specified in Section 2-110.3 that would qualify
18 as "salary", as defined in Section 2-108, but for the fact that
19 the increase in income was offered to the member on the
20 condition that it not qualify as salary and was accepted by the
21 member subject to that condition.

22 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

1 Sec. 2-108. Salary. "Salary": (1) For members of the
2 General Assembly, the total compensation paid to the member by
3 the State for one year of service, including the additional
4 amounts, if any, paid to the member as an officer pursuant to
5 Section 1 of "An Act in relation to the compensation and
6 emoluments of the members of the General Assembly", approved
7 December 6, 1907, as now or hereafter amended.

8 (2) For the State executive officers specified in Section
9 2-105, the total compensation paid to the member for one year
10 of service.

11 (3) For members of the System who are participants under
12 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
13 of the House of Representatives or Secretary or Assistant
14 Secretary of the Senate, the total compensation paid to the
15 member for one year of service, but not to exceed the salary of
16 the highest salaried officer of the General Assembly.

17 However, in the event that federal law results in any
18 participant receiving imputed income based on the value of
19 group term life insurance provided by the State, such imputed
20 income shall not be included in salary for the purposes of this
21 Article.

22 Notwithstanding any other provision of this Section,
23 "salary" does not include any future increase in income that is
24 offered for service as a member under this Article pursuant to
25 the requirements of subsection (c) of Section 2-110.3 and
26 accepted by a Tier I employee, or a Tier I retiree returning to

1 active service, who has made an election under paragraph (2) of
2 subsection (a) or (a-5) of Section 2-110.3.

3 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

4 (40 ILCS 5/2-110.3 new)

5 Sec. 2-110.3. Election by Tier I employees and Tier I
6 retirees.

7 (a) Each Tier I employee shall make an irrevocable election
8 either:

9 (1) to agree to the following:

10 (i) to have the amount of the automatic annual
11 increases in his or her retirement annuity that are
12 otherwise provided for in this Article calculated,
13 instead, as provided in subsection (a-1) of Section
14 2-119.1; and

15 (ii) to have his or her eligibility for automatic
16 annual increases in retirement annuity postponed as
17 provided in subsection (a-2) of Section 2-119.1 and to
18 relinquish the additional increases provided in
19 subsection (b) of Section 2-119.1; or

20 (2) to not agree to items (i) and (ii) as set forth in
21 paragraph (1) of this subsection.

22 The election required under this subsection (a) shall be
23 made by each Tier I employee no earlier than 6 months after the
24 effective date of this Section and no later than 11 months
25 after the effective date of this Section, except that:

1 (i) a person who becomes a Tier I employee under this
2 Article later than 6 months after the effective date of
3 this Section must make the election under this subsection
4 (a) within 60 days after becoming a Tier I employee;

5 (ii) a person who returns to active service as a Tier I
6 employee under this Article later than 6 months after the
7 effective date of this Section and has not yet made an
8 election under this Section must make the election under
9 this subsection (a) within 60 days after returning to
10 active service as a Tier I employee; and

11 (iii) a person who made the election under subsection
12 (a-5) as a Tier I retiree remains bound by that election
13 and shall not make a later election under this subsection
14 (a).

15 If a Tier I employee fails for any reason to make a
16 required election under this subsection within the time
17 specified, then the employee shall be deemed to have made the
18 election under paragraph (2) of this subsection.

19 (a-5) Each Tier I retiree shall make an irrevocable
20 election either:

21 (1) to agree to the following:

22 (i) to have the amount of the automatic annual
23 increases in his or her retirement annuity that are
24 otherwise provided for in this Article calculated,
25 instead, as provided in subsection (a-1) of Section
26 2-119.1; and

1 (ii) to have his or her eligibility for automatic
2 annual increases in retirement annuity postponed as
3 provided in subsection (a-2) of Section 2-119.1 and to
4 relinquish the additional increases provided in
5 subsection (b) of Section 2-119.1; or
6 (2) to not agree to items (i) and (ii) as set forth in
7 paragraph (1) of this subsection.

8 The election required under this subsection (a-5) shall be
9 made by each Tier I retiree no earlier than 6 months after the
10 effective date of this Section and no later than 11 months
11 after the effective date of this Section, except that:

12 (i) a person who becomes a Tier I retiree under this
13 Article later than 6 months after the effective date of
14 this Section must make the election under this subsection
15 (a-5) within 60 days after becoming a Tier I retiree; and

16 (ii) a person who made the election under subsection
17 (a) as a Tier I employee remains bound by that election and
18 shall not make a later election under this subsection
19 (a-5).

20 If a Tier I retiree fails for any reason to make a required
21 election under this subsection within the time specified, then
22 the Tier I retiree shall be deemed to have made the election
23 under paragraph (2) of this subsection.

24 (a-10) All elections under subsection (a) or (a-5) that are
25 made or deemed to be made within 11 months after the effective
26 date of this Section shall take effect 12 months after the

1 effective date of this Section. Elections that are made or
2 deemed to be made more than 11 months after the effective date
3 of this Section shall take effect on the first day of the month
4 following the month in which the election is made or deemed to
5 be made.

6 (b) As adequate and legal consideration provided under this
7 amendatory Act of the 98th General Assembly for making the
8 election under paragraph (1) of subsection (a) of this Section,
9 any future increases in income offered for service as a member
10 under this Article to a Tier I employee who has made the
11 election under paragraph (1) of subsection (a) of this Section
12 shall be offered expressly and irrevocably as constituting
13 salary under Section 2-108.

14 As adequate and legal consideration provided under this
15 amendatory Act of the 98th General Assembly for making the
16 election under paragraph (1) of subsection (a-5) of this
17 Section, any future increases in income offered for service as
18 a member under this Article to a Tier I retiree who returns to
19 active service after having made the election under paragraph
20 (1) of subsection (a-5) of this Section shall be offered
21 expressly and irrevocably as constituting salary under Section
22 2-108.

23 (c) A Tier I employee who makes the election under
24 paragraph (2) of subsection (a) of this Section shall not be
25 subject to items (i) and (ii) set forth in paragraph (1) of
26 subsection (a) of this Section. However, any future increases

1 in income offered for service as a member under this Article to
2 a Tier I employee who has made the election under paragraph (2)
3 of subsection (a) of this Section shall be offered expressly
4 and irrevocably as not constituting salary under Section 2-108,
5 and the member may not accept any future increase in income
6 that is offered in violation of this requirement.

7 A Tier I retiree who makes the election under paragraph (2)
8 of subsection (a-5) of this Section shall not be subject to
9 items (i) and (ii) set forth in paragraph (1) of subsection
10 (a-5) of this Section. However, any future increases in income
11 offered for service as a member under this Article to a Tier I
12 retiree who returns to active service and has made the election
13 under paragraph (2) of subsection (a-5) of this Section shall
14 be offered expressly and irrevocably as not constituting salary
15 under Section 2-108, and the member may not accept any future
16 increase in income that is offered in violation of this
17 requirement.

18 (d) The System shall make a good faith effort to contact
19 each Tier I employee and Tier I retiree subject to this
20 Section. The System shall mail information describing the
21 required election to each Tier I employee and Tier I retiree by
22 United States Postal Service mail to his or her last known
23 address on file with the System. If the Tier I employee or Tier
24 I retiree is not responsive to other means of contact, it is
25 sufficient for the System to publish the details of any
26 required elections on its website or to publish those details

1 in a regularly published newsletter or other existing public
2 forum.

3 Tier I employees and Tier I retirees who are subject to
4 this Section shall be provided with an election packet
5 containing information regarding their options, as well as the
6 forms necessary to make the required election. Upon request,
7 the System shall offer Tier I employees and Tier I retirees an
8 opportunity to receive information from the System before
9 making the required election. The information may be provided
10 through video materials, group presentations, individual
11 consultation with a member or authorized representative of the
12 System in person or by telephone or other electronic means, or
13 any combination of those methods. The System shall not provide
14 advice or counseling with respect to which election a Tier I
15 employee or Tier I retiree should make or specific to the legal
16 or tax circumstances of or consequences to the Tier I employee
17 or Tier I retiree.

18 The System shall inform Tier I employees and Tier I
19 retirees in the election packet required under this subsection
20 that the Tier I employee or Tier I retiree may also wish to
21 obtain information and counsel relating to the election
22 required under this Section from any other available source,
23 including but not limited to labor organizations and private
24 counsel.

25 In no event shall the System, its staff, or the Board be
26 held liable for any information given to a member, beneficiary,

1 or annuitant regarding the elections under this Section. The
2 System shall coordinate with the Illinois Department of Central
3 Management Services and each other retirement system
4 administering an election in accordance with this amendatory
5 Act of the 98th General Assembly to provide information
6 concerning the impact of the election set forth in this
7 Section.

8 (e) Notwithstanding any other provision of law, any future
9 increases in income offered for service as a member must be
10 offered expressly and irrevocably as not constituting "salary"
11 under Section 2-108 to any Tier I employee, or Tier I retiree
12 returning to active service, who has made an election under
13 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3. A
14 Tier I employee, or Tier I retiree returning to active service,
15 who has made an election under paragraph (2) of subsection (a)
16 or (a-5) of Section 2-110.3 shall not accept any future
17 increase in income that is offered for service as a member
18 under this Article in violation of the requirement set forth in
19 this subsection.

20 (f) A member's election under this Section is not a
21 prohibited election under subdivision (j)(1) of Section 1-119
22 of this Code.

23 (g) No provision of this Section shall be interpreted in a
24 way that would cause the System to cease to be a qualified plan
25 under Section 401(a) of the Internal Revenue Code of 1986.

26 (h) If this Section is determined to be unconstitutional or

1 otherwise invalid by a final unappealable decision of an
2 Illinois court or a court of competent jurisdiction as applied
3 to Tier I employees but not as applied to Tier I retirees, then
4 this Section and the changes deriving from the election
5 required under this Section shall be null and void as applied
6 to Tier I employees but shall remain in full effect for Tier I
7 retirees.

8 (i) If this Section is determined to be unconstitutional or
9 otherwise invalid by a final unappealable decision of an
10 Illinois court or a court of competent jurisdiction as applied
11 to Tier I retirees but not as applied to Tier I employees, then
12 this Section and the changes deriving from the election
13 required under this Section shall be null and void as applied
14 to Tier I retirees but shall remain in full effect for Tier I
15 employees.

16 (j) If an election created by this amendatory Act in any
17 other Article of this Code or any change deriving from that
18 election is determined to be unconstitutional or otherwise
19 invalid by a final unappealable decision of an Illinois court
20 or a court of competent jurisdiction, the invalidity of that
21 provision shall not in any way affect the validity of this
22 Section or the changes deriving from the election required
23 under this Section.

24 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

25 Sec. 2-119.1. Automatic increase in retirement annuity.

1 (a) Except as provided in subsections (a-1) and (a-2), a ~~A~~
2 participant who retires after June 30, 1967, and who has not
3 received an initial increase under this Section before the
4 effective date of this amendatory Act of 1991, shall, in
5 January or July next following the first anniversary of
6 retirement, whichever occurs first, and in the same month of
7 each year thereafter, but in no event prior to age 60, have the
8 amount of the originally granted retirement annuity increased
9 as follows: for each year through 1971, 1 1/2%; for each year
10 from 1972 through 1979, 2%; and for 1980 and each year
11 thereafter, 3%. Annuitants who have received an initial
12 increase under this subsection prior to the effective date of
13 this amendatory Act of 1991 shall continue to receive their
14 annual increases in the same month as the initial increase.

15 (a-1) Notwithstanding any other provision of this Article,
16 for a Tier I employee or Tier I retiree who made the election
17 under paragraph (1) of subsection (a) or (a-5) of Section
18 2-110.3, the amount of each automatic annual increase in
19 retirement annuity occurring on or after the effective date of
20 that election shall be 3% or one-half of the annual unadjusted
21 percentage increase, if any, in the Consumer Price Index-U for
22 the 12 months ending with the preceding September, whichever is
23 less, of the originally granted retirement annuity. For the
24 purposes of this Section, "Consumer Price Index-U" means the
25 index published by the Bureau of Labor Statistics of the United
26 States Department of Labor that measures the average change in

1 prices of goods and services purchased by all urban consumers,
2 United States city average, all items, 1982-84 = 100.

3 (a-2) For a Tier I employee or Tier I retiree who made the
4 election under paragraph (1) of subsection (a) or (a-5) of
5 Section 2-110.3, the monthly retirement annuity shall first be
6 subject to annual increases on the January 1 occurring on or
7 next after the attainment of age 67 or the January 1 occurring
8 on or next after the fifth anniversary of the annuity start
9 date, whichever occurs earlier. If on the effective date of the
10 election under paragraph (1) of subsection (a-5) of Section
11 2-110.3 a Tier I retiree has already received an annual
12 increase under this Section but does not yet meet the new
13 eligibility requirements of this subsection, the annual
14 increases already received shall continue in force, but no
15 additional annual increase shall be granted until the Tier I
16 retiree meets the new eligibility requirements.

17 (b) Beginning January 1, 1990, for eligible participants
18 who remain in service after attaining 20 years of creditable
19 service, the 3% increases provided under subsection (a) shall
20 begin to accrue on the January 1 next following the date upon
21 which the participant (1) attains age 55, or (2) attains 20
22 years of creditable service, whichever occurs later, and shall
23 continue to accrue while the participant remains in service;
24 such increases shall become payable on January 1 or July 1,
25 whichever occurs first, next following the first anniversary of
26 retirement. For any person who has service credit in the System

1 for the entire period from January 15, 1969 through December
2 31, 1992, regardless of the date of termination of service, the
3 reference to age 55 in clause (1) of this subsection (b) shall
4 be deemed to mean age 50.

5 This subsection (b) does not apply to any person who first
6 becomes a member of the System after August 8, 2003 (the
7 effective date of Public Act 93-494) or (ii) has made the
8 election under paragraph (1) of subsection (a) or (a-5) of
9 Section 2-110.3; except that if on the effective date of the
10 election under paragraph (1) of subsection (a-5) of Section
11 2-110.3 a Tier I retiree has already received a retirement
12 annuity based on any annual increases under this subsection,
13 those annual increases under this subsection shall continue in
14 force ~~this amendatory Act of the 93rd General Assembly.~~

15 (b-5) Notwithstanding any other provision of this Article,
16 a participant who first becomes a participant on or after
17 January 1, 2011 (the effective date of Public Act 96-889)
18 shall, in January or July next following the first anniversary
19 of retirement, whichever occurs first, and in the same month of
20 each year thereafter, but in no event prior to age 67, have the
21 amount of the retirement annuity then being paid increased by
22 3% or the annual unadjusted percentage increase in the Consumer
23 Price Index for All Urban Consumers as determined by the Public
24 Pension Division of the Department of Insurance under
25 subsection (a) of Section 2-108.1, whichever is less.

26 (c) The foregoing provisions relating to automatic

1 increases are not applicable to a participant who retires
2 before having made contributions (at the rate prescribed in
3 Section 2-126) for automatic increases for less than the
4 equivalent of one full year. However, in order to be eligible
5 for the automatic increases, such a participant may make
6 arrangements to pay to the system the amount required to bring
7 the total contributions for the automatic increase to the
8 equivalent of one year's contributions based upon his or her
9 last salary.

10 (d) A participant who terminated service prior to July 1,
11 1967, with at least 14 years of service is entitled to an
12 increase in retirement annuity beginning January, 1976, and to
13 additional increases in January of each year thereafter.

14 The initial increase shall be 1 1/2% of the originally
15 granted retirement annuity multiplied by the number of full
16 years that the annuitant was in receipt of such annuity prior
17 to January 1, 1972, plus 2% of the originally granted
18 retirement annuity for each year after that date. The
19 subsequent annual increases shall be at the rate of 2% of the
20 originally granted retirement annuity for each year through
21 1979 and at the rate of 3% for 1980 and thereafter.

22 (e) Beginning January 1, 1990, all automatic annual
23 increases payable under this Section shall be calculated as a
24 percentage of the total annuity payable at the time of the
25 increase, including previous increases granted under this
26 Article.

1 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

2 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

3 Sec. 2-125. Obligations of State; funding guarantee.

4 (a) The payment of (1) the required State contributions,
5 (2) all benefits granted under this system and (3) all expenses
6 of administration and operation are obligations of the State to
7 the extent specified in this Article.

8 (b) All income, interest and dividends derived from
9 deposits and investments shall be credited to the account of
10 the system in the State Treasury and used to pay benefits under
11 this Article.

12 (c) If at least 50% of Tier I employees making an election
13 under Section 2-110.3 before June 1, 2014 choose the option
14 under paragraph (1) of subsection (a) of that Section, then the
15 State shall be contractually obligated to contribute to the
16 System in each State fiscal year an amount not less than the
17 sum required in Section 2-124 as that Section existed prior to
18 the effective date of this amendatory Act of the 98th General
19 Assembly notwithstanding the changes made to Section 2-124 by
20 Part A of this amendatory Act of the 98th General Assembly.

21 If at least 50% of Tier I employees making an election
22 under Section 2-110.3 before June 1, 2014 choose the option
23 under paragraph (1) of subsection (a) of that Section, then the
24 State shall be contractually obligated for purposes of this
25 Article 2 only (i) to make the transfer identified in

1 subsection (c-10) of Section 20 of the Budget Stabilization
2 Act, (ii) to apportion the amounts transferred pursuant to
3 subsection (c-10) of Section 20 of the Budget Stabilization Act
4 in accordance with subsection (b) of Section 25 of that Act,
5 (iii) to pay the apportioned amounts to the designated
6 retirement systems, and (iv) not to use the amounts transferred
7 pursuant to subsection (c-10) of Section 20 of the Budget
8 Stabilization Act to satisfy any portion of the required State
9 contributions due under Article 2, 14, 15, 16, or 18 of the
10 Illinois Pension Code.

11 The obligations created under this subsection (c) are
12 contractual obligations protected and enforceable under
13 Article I, Section 16 and Article XIII, Section 5 of the
14 Illinois Constitution.

15 Notwithstanding any other provision of law, if the State
16 fails to pay in a State fiscal year the amount guaranteed under
17 this subsection, the System may bring a mandamus action in the
18 Circuit Court of Sangamon County to compel the State to make
19 that payment, irrespective of other remedies that may be
20 available to the System. It shall be the mandatory fiduciary
21 obligation of the Board of the System to bring that action if
22 the State fails to pay in the fiscal year the amount guaranteed
23 under this subsection. Before commencing that action, the Board
24 shall submit a voucher for monthly contributions as required in
25 Section 2-124. If the State fails to pay a vouchered amount
26 within 90 days after receiving a voucher for that amount, then

1 the Board shall submit a written request to the Comptroller
2 seeking payment of that amount. A copy of the request shall be
3 filed with the Secretary of State, and the Secretary of State
4 shall provide copies of the request to the Governor and General
5 Assembly. No earlier than the 16th day after filing a request
6 with the Secretary, but no later than the 21st day after filing
7 that request, the Board may commence such an action in the
8 Circuit Court. If the Board fails to commence such action on or
9 before the 21st day after filing the request with the Secretary
10 of State, then any Tier I employee or Tier I retiree who chose
11 the option under paragraph (1) of subsection (a) or (a-5) of
12 Section 2-110.3 may file a mandamus action against the Board to
13 compel the Board to commence its mandamus action against the
14 State. This Section constitutes an express waiver of the
15 State's sovereign immunity. In ordering the State to make the
16 required payment, the court may order a reasonable payment
17 schedule to enable the State to make the required payment. The
18 obligations and causes of action created under this subsection
19 shall be in addition to any other right or remedy otherwise
20 accorded by common law, or State or federal law, and nothing in
21 this subsection shall be construed to deny, abrogate, impair,
22 or waive any such common law or statutory right or remedy.

23 Any payments required to be made by the State pursuant to
24 this subsection (c) are expressly subordinated to the payment
25 of the principal, interest, and premium, if any, on any bonded
26 debt obligation of the State or any other State-created entity,

1 either currently outstanding or to be issued, for which the
2 source of repayment or security thereon is derived directly or
3 indirectly from tax revenues collected by the State or any
4 other State-created entity. Payments on such bonded
5 obligations include any statutory fund transfers or other
6 prefunding mechanisms or formulas set forth, now or hereafter,
7 in State law or bond indentures, into debt service funds or
8 accounts of the State related to such bonded obligations,
9 consistent with the payment schedules associated with such
10 obligations.

11 (Source: P.A. 83-1440.)

12 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

13 Sec. 2-134. To certify required State contributions and
14 submit vouchers.

15 (a) The Board shall certify to the Governor on or before
16 December 15 of each year through ~~until~~ December 15, 2011 the
17 amount of the required State contribution to the System for the
18 next fiscal year ~~and shall specifically identify the System's~~
19 ~~projected State normal cost for that fiscal year.~~ The
20 certification under this subsection (a) shall include a copy of
21 the actuarial recommendations upon which it is based ~~and shall~~
22 ~~specifically identify the System's projected State normal cost~~
23 ~~for that fiscal year.~~

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,

1 the Governor, and the General Assembly a proposed certification
2 of the amount of the required State contribution to the System
3 for the next fiscal year, along with all of the actuarial
4 assumptions, calculations, and data upon which that proposed
5 certification is based. On or before January 1 of each year,
6 beginning January 1, 2013, the State Actuary shall issue a
7 preliminary report concerning the proposed certification and
8 identifying, if necessary, recommended changes in actuarial
9 assumptions that the Board must consider before finalizing its
10 certification of the required State contributions.

11 On or before January 15, 2013 and every January 15
12 thereafter, the Board shall certify to the Governor and the
13 General Assembly the amount of the required State contribution
14 for the next fiscal year. The certification shall include a
15 copy of the actuarial recommendations upon which it is based
16 and shall specifically identify the System's projected State
17 normal cost for that fiscal year. The Board's certification
18 must note any deviations from the State Actuary's recommended
19 changes, the reason or reasons for not following the State
20 Actuary's recommended changes, and the fiscal impact of not
21 following the State Actuary's recommended changes on the
22 required State contribution.

23 (a-7) On or before May 1, 2004, the Board shall recalculate
24 and recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

3 On or before July 1, 2005, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2006, taking
6 into account the changes in required State contributions made
7 by this amendatory Act of the 94th General Assembly.

8 On or before April 1, 2011, the Board shall recalculate and
9 recertify to the Governor the amount of the required State
10 contribution to the System for State fiscal year 2011, applying
11 the changes made by Public Act 96-889 to the System's assets
12 and liabilities as of June 30, 2009 as though Public Act 96-889
13 was approved on that date.

14 (b) Beginning in State fiscal year 1996, on or as soon as
15 possible after the 15th day of each month the Board shall
16 submit vouchers for payment of State contributions to the
17 System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a). From the effective date of this amendatory Act of the 93rd
20 General Assembly through June 30, 2004, the Board shall not
21 submit vouchers for the remainder of fiscal year 2004 in excess
22 of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (d) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year. If in
2 any month the amount remaining unexpended from all other
3 appropriations to the System for the applicable fiscal year
4 (including the appropriations to the System under Section 8.12
5 of the State Finance Act and Section 1 of the State Pension
6 Funds Continuing Appropriation Act) is less than the amount
7 lawfully vouchered under this Section, the difference shall be
8 paid from the General Revenue Fund under the continuing
9 appropriation authority provided in Section 1.1 of the State
10 Pension Funds Continuing Appropriation Act.

11 (c) The full amount of any annual appropriation for the
12 System for State fiscal year 1995 shall be transferred and made
13 available to the System at the beginning of that fiscal year at
14 the request of the Board. Any excess funds remaining at the end
15 of any fiscal year from appropriations shall be retained by the
16 System as a general reserve to meet the System's accrued
17 liabilities.

18 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
19 97-694, eff. 6-18-12.)

20 (40 ILCS 5/2-162)

21 Sec. 2-162. Application and expiration of new benefit
22 increases.

23 (a) As used in this Section, "new benefit increase" means
24 an increase in the amount of any benefit provided under this
25 Article, or an expansion of the conditions of eligibility for

1 any benefit under this Article, that results from an amendment
2 to this Code that takes effect after the effective date of this
3 amendatory Act of the 94th General Assembly. "New benefit
4 increase", however, does not include any benefit increase
5 resulting from the changes made to this Article by this
6 amendatory Act of the 98th General Assembly.

7 (b) Notwithstanding any other provision of this Code or any
8 subsequent amendment to this Code, every new benefit increase
9 is subject to this Section and shall be deemed to be granted
10 only in conformance with and contingent upon compliance with
11 the provisions of this Section.

12 (c) The Public Act enacting a new benefit increase must
13 identify and provide for payment to the System of additional
14 funding at least sufficient to fund the resulting annual
15 increase in cost to the System as it accrues.

16 Every new benefit increase is contingent upon the General
17 Assembly providing the additional funding required under this
18 subsection. The Commission on Government Forecasting and
19 Accountability shall analyze whether adequate additional
20 funding has been provided for the new benefit increase and
21 shall report its analysis to the Public Pension Division of the
22 Department of Financial and Professional Regulation. A new
23 benefit increase created by a Public Act that does not include
24 the additional funding required under this subsection is null
25 and void. If the Public Pension Division determines that the
26 additional funding provided for a new benefit increase under

1 this subsection is or has become inadequate, it may so certify
2 to the Governor and the State Comptroller and, in the absence
3 of corrective action by the General Assembly, the new benefit
4 increase shall expire at the end of the fiscal year in which
5 the certification is made.

6 (d) Every new benefit increase shall expire 5 years after
7 its effective date or on such earlier date as may be specified
8 in the language enacting the new benefit increase or provided
9 under subsection (c). This does not prevent the General
10 Assembly from extending or re-creating a new benefit increase
11 by law.

12 (e) Except as otherwise provided in the language creating
13 the new benefit increase, a new benefit increase that expires
14 under this Section continues to apply to persons who applied
15 and qualified for the affected benefit while the new benefit
16 increase was in effect and to the affected beneficiaries and
17 alternate payees of such persons, but does not apply to any
18 other person, including without limitation a person who
19 continues in service after the expiration date and did not
20 apply and qualify for the affected benefit while the new
21 benefit increase was in effect.

22 (Source: P.A. 94-4, eff. 6-1-05.)

23 Section B-35. If and only if any of the changes made by
24 Part A of this Act to provisions in Article 14 of the Illinois
25 Pension Code concerning (i) automatic annual increases, (ii)

1 employee or member contributions, (iii) State or employer
2 contributions, (iv) State funding guarantees, or (v) salary,
3 earnings, or compensation is declared to be unconstitutional or
4 otherwise invalid, then the Illinois Pension Code is amended by
5 changing Sections 14-103.10, 14-114, 14-132, 14-133,
6 14-135.08, and 14-152.1 and by adding Sections 14-103.40,
7 14-103.41, 14-103.42, and 14-106.5 as follows:

8 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)
9 Sec. 14-103.10. Compensation.

10 (a) For periods of service prior to January 1, 1978, the
11 full rate of salary or wages payable to an employee for
12 personal services performed if he worked the full normal
13 working period for his position, subject to the following
14 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
15 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
16 inclusive, \$625 per month or \$7,500 per year; (3) beginning
17 July 1, 1957, no limitation.

18 In the case of service of an employee in a position
19 involving part-time employment, compensation shall be
20 determined according to the employees' earnings record.

21 (b) For periods of service on and after January 1, 1978,
22 all remuneration for personal services performed defined as
23 "wages" under the Social Security Enabling Act, including that
24 part of such remuneration which is in excess of any maximum
25 limitation provided in such Act, and including any benefits

1 received by an employee under a sick pay plan in effect before
2 January 1, 1981, but excluding lump sum salary payments:

- 3 (1) for vacation,
- 4 (2) for accumulated unused sick leave,
- 5 (3) upon discharge or dismissal,
- 6 (4) for approved holidays.

7 (c) For periods of service on or after December 16, 1978,
8 compensation also includes any benefits, other than lump sum
9 salary payments made at termination of employment, which an
10 employee receives or is eligible to receive under a sick pay
11 plan authorized by law.

12 (d) For periods of service after September 30, 1985,
13 compensation also includes any remuneration for personal
14 services not included as "wages" under the Social Security
15 Enabling Act, which is deducted for purposes of participation
16 in a program established pursuant to Section 125 of the
17 Internal Revenue Code or its successor laws.

18 (e) For members for which Section 1-160 applies for periods
19 of service on and after January 1, 2011, all remuneration for
20 personal services performed defined as "wages" under the Social
21 Security Enabling Act, excluding remuneration that is in excess
22 of the annual earnings, salary, or wages of a member or
23 participant, as provided in subsection (b-5) of Section 1-160,
24 but including any benefits received by an employee under a sick
25 pay plan in effect before January 1, 1981. Compensation shall
26 exclude lump sum salary payments:

- 1 (1) for vacation;
- 2 (2) for accumulated unused sick leave;
- 3 (3) upon discharge or dismissal; and
- 4 (4) for approved holidays.

5 (f) Notwithstanding any other provision of this Section,
6 "compensation" does not include any future increase in income
7 offered by a department under this Article pursuant to the
8 requirements of subsection (c) of Section 14-106.5 that is
9 accepted by a Tier I employee, or a Tier I retiree returning to
10 active service, who has made an election under paragraph (2) of
11 subsection (a) or (a-5) of Section 14-106.5.

12 (Source: P.A. 96-1490, eff. 1-1-11.)

13 (40 ILCS 5/14-103.40 new)

14 Sec. 14-103.40. Tier I employee. "Tier I employee": An
15 employee under this Article who first became a member or
16 participant before January 1, 2011 under any reciprocal
17 retirement system or pension fund established under this Code
18 other than a retirement system or pension fund established
19 under Article 2, 3, 4, 5, 6, or 18 of this Code.

20 (40 ILCS 5/14-103.41 new)

21 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
22 Tier I employee who is receiving a retirement annuity.

23 (40 ILCS 5/14-103.42 new)

1 Sec. 14-103.42. Future increase in income. "Future
2 increase in income": Any increase in income in any form offered
3 by a department to an employee under this Article after the end
4 of the election period in Section 14-106.5 that would qualify
5 as "compensation", as defined in Section 14-103.10, but for the
6 fact that the department offered the increase in income to the
7 employee on the condition that it not qualify as compensation
8 and the employee accepted the increase in income subject to
9 that condition. The term "future increase in income" does not
10 include an increase in income in any form that is paid to a
11 Tier I employee under an employment contract or collective
12 bargaining agreement that is in effect on the effective date of
13 this Section but does include an increase in income in any form
14 pursuant to an extension, amendment, or renewal of any such
15 employment contract or collective bargaining agreement on or
16 after the effective date of this amendatory Act of the 98th
17 General Assembly.

18 (40 ILCS 5/14-106.5 new)

19 Sec. 14-106.5. Election by Tier I employees and Tier I
20 retirees.

21 (a) Each Tier I employee shall make an irrevocable election
22 either:

23 (1) to agree to the following:

24 (i) to have the amount of the automatic annual
25 increases in his or her retirement annuity that are

1 otherwise provided for in this Article calculated,
2 instead, as provided in subsection (a-1) of Section
3 14-114; and

4 (ii) to have his or her eligibility for automatic
5 annual increases in retirement annuity postponed as
6 provided in subsection (a-2) of Section 14-114; or
7 (2) to not agree to items (i) and (ii) as set forth in
8 paragraph (1) of this subsection.

9 The election required under this subsection (a) shall be
10 made by each Tier I employee no earlier than 6 months after the
11 effective date of this Section and no later than 11 months
12 after the effective date of this Section, except that:

13 (i) a person who becomes a Tier I employee under this
14 Article later than 6 months after the effective date of
15 this Section must make the election under this subsection
16 (a) within 60 days after becoming a Tier I employee;

17 (ii) a person who returns to active service as a Tier I
18 employee under this Article later than 6 months after the
19 effective date of this Section and has not yet made an
20 election under this Section must make the election under
21 this subsection (a) within 60 days after returning to
22 active service as a Tier I employee; and

23 (iii) a person who made the election under subsection
24 (a-5) as a Tier I retiree remains bound by that election
25 and shall not make a later election under this subsection
26 (a).

1 If a Tier I employee fails for any reason to make a
2 required election under this subsection within the time
3 specified, then the employee shall be deemed to have made the
4 election under paragraph (2) of this subsection.

5 (a-5) Each Tier I retiree shall make an irrevocable
6 election either:

7 (1) to agree to the following:

8 (i) to have the amount of the automatic annual
9 increases in his or her retirement annuity that are
10 otherwise provided for in this Article calculated,
11 instead, as provided in subsection (a-1) of Section
12 14-114; and

13 (ii) to have his or her eligibility for automatic
14 annual increases in retirement annuity postponed as
15 provided in subsection (a-2) of Section 14-114; or

16 (2) to not agree to items (i) and (ii) as set forth in
17 paragraph (1) of this subsection.

18 The election required under this subsection (a-5) shall be
19 made by each Tier I retiree no earlier than 6 months after the
20 effective date of this Section and no later than 11 months
21 after the effective date of this Section, except that:

22 (i) a person who becomes a Tier I retiree under this
23 Article later than 6 months after the effective date of
24 this Section must make the election under this subsection
25 (a-5) within 60 days after becoming a Tier I retiree; and

26 (ii) a person who made the election under subsection

1 (a) as a Tier I employee remains bound by that election and
2 shall not make a later election under this subsection
3 (a-5).

4 If a Tier I retiree fails for any reason to make a required
5 election under this subsection within the time specified, then
6 the Tier I retiree shall be deemed to have made the election
7 under paragraph (2) of this subsection.

8 (a-10) All elections under subsection (a) or (a-5) that are
9 made or deemed to be made within 11 months after the effective
10 date of this Section shall take effect 12 months after the
11 effective date of this Section. Elections that are made or
12 deemed to be made more than 11 months after the effective date
13 of this Section shall take effect on the first day of the month
14 following the month in which the election is made or deemed to
15 be made.

16 (b) As adequate and legal consideration provided under this
17 amendatory Act of the 98th General Assembly for making the
18 election under paragraph (1) of subsection (a) of this Section,
19 any future increases in income offered by a department under
20 this Article to a Tier I employee who has made the election
21 under paragraph (1) of subsection (a) of this Section shall be
22 offered expressly and irrevocably as constituting compensation
23 under Section 14-103.10. In addition, a Tier I employee who has
24 made the election under paragraph (1) of subsection (a) of this
25 Section shall receive the right to also participate in the
26 optional cash balance plan established under Section 1-162.

1 As adequate and legal consideration provided under this
2 amendatory Act of the 98th General Assembly for making the
3 election under paragraph (1) of subsection (a-5) of this
4 Section, any future increases in income offered by a department
5 under this Article to a Tier I retiree who returns to active
6 service after having made the election under paragraph (1) of
7 subsection (a-5) of this Section shall be offered expressly and
8 irrevocably as constituting compensation under Section
9 14-103.10. In addition, a Tier I retiree who returns to active
10 service and has made the election under paragraph (1) of
11 subsection (a) of this Section shall receive the right to also
12 participate in the optional cash balance plan established under
13 Section 1-162.

14 (c) A Tier I employee who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to items (i) and (ii) set forth in paragraph (1) of
17 subsection (a) of this Section. However, any future increases
18 in income offered by a department under this Article to a Tier
19 I employee who has made the election under paragraph (2) of
20 subsection (a) of this Section shall be offered by the
21 department expressly and irrevocably as not constituting
22 compensation under Section 14-103.10, and the employee may not
23 accept any future increase in income that is offered in
24 violation of this requirement. In addition, a Tier I employee
25 who has made the election under paragraph (2) of subsection (a)
26 of this Section shall not receive the right to participate in

1 the optional cash balance plan established under Section 1-162.

2 A Tier I retiree who makes the election under paragraph (2)
3 of subsection (a-5) of this Section shall not be subject to
4 items (i) and (ii) set forth in paragraph (1) of subsection
5 (a-5) of this Section. However, any future increases in income
6 offered by a department under this Article to a Tier I retiree
7 who returns to active service and has made the election under
8 paragraph (2) of subsection (a-5) of this Section shall be
9 offered by the department expressly and irrevocably as not
10 constituting compensation under Section 14-103.10, and the
11 employee may not accept any future increase in income that is
12 offered in violation of this requirement. In addition, a Tier I
13 retiree who returns to active service and has made the election
14 under paragraph (2) of subsection (a) of this Section shall not
15 receive the right to participate in the optional cash balance
16 plan established under Section 1-162.

17 (d) The System shall make a good faith effort to contact
18 each Tier I employee and Tier I retiree subject to this
19 Section. The System shall mail information describing the
20 required election to each Tier I employee and Tier I retiree by
21 United States Postal Service mail to his or her last known
22 address on file with the System. If the Tier I employee or Tier
23 I retiree is not responsive to other means of contact, it is
24 sufficient for the System to publish the details of any
25 required elections on its website or to publish those details
26 in a regularly published newsletter or other existing public

1 forum.

2 Tier I employees and Tier I retirees who are subject to
3 this Section shall be provided with an election packet
4 containing information regarding their options, as well as the
5 forms necessary to make the required election. Upon request,
6 the System shall offer Tier I employees and Tier I retirees an
7 opportunity to receive information from the System before
8 making the required election. The information may consist of
9 video materials, group presentations, individual consultation
10 with a member or authorized representative of the System in
11 person or by telephone or other electronic means, or any
12 combination of those methods. The System shall not provide
13 advice or counseling with respect to which election a Tier I
14 employee or Tier I retiree should make or specific to the legal
15 or tax circumstances of or consequences to the Tier I employee
16 or Tier I retiree.

17 The System shall inform Tier I employees and Tier I
18 retirees in the election packet required under this subsection
19 that the Tier I employee or Tier I retiree may also wish to
20 obtain information and counsel relating to the election
21 required under this Section from any other available source,
22 including but not limited to labor organizations and private
23 counsel.

24 In no event shall the System, its staff, or the Board be
25 held liable for any information given to a member, beneficiary,
26 or annuitant regarding the elections under this Section. The

1 System shall coordinate with the Illinois Department of Central
2 Management Services and each other retirement system
3 administering an election in accordance with this amendatory
4 Act of the 98th General Assembly to provide information
5 concerning the impact of the election set forth in this
6 Section.

7 (e) Notwithstanding any other provision of law, a
8 department under this Article is required to offer any future
9 increases in income expressly and irrevocably as not
10 constituting "compensation" under Section 14-103.10 to any
11 Tier I employee, or Tier I retiree returning to active service,
12 who has made an election under paragraph (2) of subsection (a)
13 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
14 retiree returning to active service, who has made an election
15 under paragraph (2) of subsection (a) or (a-5) of Section
16 14-106.5 shall not accept any future increase in income that is
17 offered by an employer under this Article in violation of the
18 requirement set forth in this subsection.

19 (f) A member's election under this Section is not a
20 prohibited election under subdivision (j)(1) of Section 1-119
21 of this Code.

22 (g) An employee who has made the election under paragraph
23 (1) of subsection (a) or (a-5) of this Section may elect to
24 participate in the optional cash balance plan under Section
25 1-162.

26 The election to participate in the optional cash balance

1 plan shall be made in writing, in the manner provided by the
2 applicable retirement system.

3 (h) No provision of this Section shall be interpreted in a
4 way that would cause the System to cease to be a qualified plan
5 under Section 401(a) of the Internal Revenue Code of 1986.

6 (i) If this Section is determined to be unconstitutional or
7 otherwise invalid by a final unappealable decision of an
8 Illinois court or a court of competent jurisdiction as applied
9 to Tier I employees but not as applied to Tier I retirees, then
10 this Section and the changes deriving from the election
11 required under this Section shall be null and void as applied
12 to Tier I employees but shall remain in full effect for Tier I
13 retirees.

14 (j) If this Section is determined to be unconstitutional or
15 otherwise invalid by a final unappealable decision of an
16 Illinois court or a court of competent jurisdiction as applied
17 to Tier I retirees but not as applied to Tier I employees, then
18 this Section and the changes deriving from the election
19 required under this Section shall be null and void as applied
20 to Tier I retirees but shall remain in full effect for Tier I
21 employees.

22 (k) If an election created by this amendatory Act in any
23 other Article of this Code or any change deriving from that
24 election is determined to be unconstitutional or otherwise
25 invalid by a final unappealable decision of an Illinois court
26 or a court of competent jurisdiction, the invalidity of that

1 provision shall not in any way affect the validity of this
2 Section or the changes deriving from the election required
3 under this Section.

4 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

5 Sec. 14-114. Automatic increase in retirement annuity.

6 (a) Subject to the provisions of subsections (a-1) and
7 (a-2), any ~~Any~~ person receiving a retirement annuity under this
8 Article who retires having attained age 60, or who retires
9 before age 60 having at least 35 years of creditable service,
10 or who retires on or after January 1, 2001 at an age which,
11 when added to the number of years of his or her creditable
12 service, equals at least 85, shall, on January 1 next following
13 the first full year of retirement, have the amount of the then
14 fixed and payable monthly retirement annuity increased 3%. Any
15 person receiving a retirement annuity under this Article who
16 retires before attainment of age 60 and with less than (i) 35
17 years of creditable service if retirement is before January 1,
18 2001, or (ii) the number of years of creditable service which,
19 when added to the member's age, would equal 85, if retirement
20 is on or after January 1, 2001, shall have the amount of the
21 fixed and payable retirement annuity increased by 3% on the
22 January 1 occurring on or next following (1) attainment of age
23 60, or (2) the first anniversary of retirement, whichever
24 occurs later. However, for persons who receive the alternative
25 retirement annuity under Section 14-110, references in this

1 subsection (a) to attainment of age 60 shall be deemed to refer
2 to attainment of age 55. For a person receiving early
3 retirement incentives under Section 14-108.3 whose retirement
4 annuity began after January 1, 1992 pursuant to an extension
5 granted under subsection (e) of that Section, the first
6 anniversary of retirement shall be deemed to be January 1,
7 1993. For a person who retires on or after June 28, 2001 and on
8 or before October 1, 2001, and whose retirement annuity is
9 calculated, in whole or in part, under Section 14-110 or
10 subsection (g) or (h) of Section 14-108, the first anniversary
11 of retirement shall be deemed to be January 1, 2002.

12 On each January 1 following the date of the initial
13 increase under this subsection, the employee's monthly
14 retirement annuity shall be increased by an additional 3%.

15 Beginning January 1, 1990 and except as provided in
16 subsections (a-1) and (a-2), all automatic annual increases
17 payable under this Section shall be calculated as a percentage
18 of the total annuity payable at the time of the increase,
19 including previous increases granted under this Article.

20 (a-1) Notwithstanding any other provision of this Article,
21 for a Tier I employee or Tier I retiree who made the election
22 under paragraph (1) of subsection (a) or (a-5) of Section
23 14-106.5, the amount of each automatic annual increase in
24 retirement annuity occurring on or after the effective date of
25 that election shall be 3% or one-half of the annual unadjusted
26 percentage increase, if any, in the Consumer Price Index-U for

1 the 12 months ending with the preceding September, whichever is
2 less, of the originally granted retirement annuity. For the
3 purposes of this Section, "Consumer Price Index-U" means the
4 index published by the Bureau of Labor Statistics of the United
5 States Department of Labor that measures the average change in
6 prices of goods and services purchased by all urban consumers,
7 United States city average, all items, 1982-84 = 100.

8 (a-2) Notwithstanding any other provision of this Article,
9 for a Tier I employee or Tier I retiree who made the election
10 under paragraph (1) of subsection (a) or (a-5) of Section
11 14-106.5, the monthly retirement annuity shall first be subject
12 to annual increases on the January 1 occurring on or next after
13 either the attainment of age 67 or the January 1 occurring on
14 or next after the fifth anniversary of the annuity start date,
15 whichever occurs earlier. If on the effective date of the
16 election under paragraph (1) of subsection (a-5) of Section
17 14-106.5 a Tier I retiree has already received an annual
18 increase under this Section but does not yet meet the new
19 eligibility requirements of this subsection, the annual
20 increases already received shall continue in force, but no
21 additional annual increase shall be granted until the Tier I
22 retiree meets the new eligibility requirements.

23 (b) The provisions of subsection (a) of this Section shall
24 be applicable to an employee only if the employee makes the
25 additional contributions required after December 31, 1969 for
26 the purpose of the automatic increases for not less than the

1 equivalent of one full year. If an employee becomes an
2 annuitant before his additional contributions equal one full
3 year's contributions based on his salary at the date of
4 retirement, the employee may pay the necessary balance of the
5 contributions to the system, without interest, and be eligible
6 for the increasing annuity authorized by this Section.

7 (c) The provisions of subsection (a) of this Section shall
8 not be applicable to any annuitant who is on retirement on
9 December 31, 1969, and thereafter returns to State service,
10 unless the member has established at least one year of
11 additional creditable service following reentry into service.

12 (d) In addition to other increases which may be provided by
13 this Section, on January 1, 1981 any annuitant who was
14 receiving a retirement annuity on or before January 1, 1971
15 shall have his retirement annuity then being paid increased \$1
16 per month for each year of creditable service. On January 1,
17 1982, any annuitant who began receiving a retirement annuity on
18 or before January 1, 1977, shall have his retirement annuity
19 then being paid increased \$1 per month for each year of
20 creditable service.

21 On January 1, 1987, any annuitant who began receiving a
22 retirement annuity on or before January 1, 1977, shall have the
23 monthly retirement annuity increased by an amount equal to 8¢
24 per year of creditable service times the number of years that
25 have elapsed since the annuity began.

26 (e) Every person who receives the alternative retirement

1 annuity under Section 14-110 and who is eligible to receive the
2 3% increase under subsection (a) on January 1, 1986, shall also
3 receive on that date a one-time increase in retirement annuity
4 equal to the difference between (1) his actual retirement
5 annuity on that date, including any increases received under
6 subsection (a), and (2) the amount of retirement annuity he
7 would have received on that date if the amendments to
8 subsection (a) made by Public Act 84-162 had been in effect
9 since the date of his retirement.

10 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
11 92-651, eff. 7-11-02.)

12 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

13 Sec. 14-132. Obligations of State; funding guarantee.

14 (a) The payment of the required department contributions,
15 all allowances, annuities, benefits granted under this
16 Article, and all expenses of administration of the system are
17 obligations of the State of Illinois to the extent specified in
18 this Article.

19 (b) All income of the system shall be credited to a
20 separate account for this system in the State treasury and
21 shall be used to pay allowances, annuities, benefits and
22 administration expense.

23 (c) If at least 50% of Tier I employees making an election
24 under Section 14-106.5 before June 1, 2014 choose the option
25 under paragraph (1) of subsection (a) of that Section, then the

1 State shall be contractually obligated to contribute to the
2 System in each State fiscal year an amount not less than the
3 sum required in Section 14-131 as that Section existed prior to
4 the effective date of this amendatory Act of the 98th General
5 Assembly notwithstanding the changes made to Section 14-131 by
6 Part A of this amendatory Act of the 98th General Assembly.

7 If at least 50% of Tier I employees making an election
8 under Section 14-106.5 before June 1, 2014 choose the option
9 under paragraph (1) of subsection (a) of that Section, then the
10 State shall be contractually obligated for purposes of this
11 Article 14 only (i) to make the transfer identified in
12 subsection (c-10) of Section 20 of the Budget Stabilization
13 Act, (ii) to apportion the amounts transferred pursuant to
14 subsection (c-10) of Section 20 of the Budget Stabilization Act
15 in accordance with subsection (b) of Section 25 of that Act,
16 (iii) to pay the apportioned amounts to the designated
17 retirement systems, and (iv) not to use the amounts transferred
18 pursuant to subsection (c-10) of Section 20 of the Budget
19 Stabilization Act to satisfy any portion of the required State
20 contributions due under Article 2, 14, 15, 16, or 18 of the
21 Illinois Pension Code.

22 The obligations created under this subsection (c) are
23 contractual obligations protected and enforceable under
24 Article I, Section 16 and Article XIII, Section 5 of the
25 Illinois Constitution.

26 Notwithstanding any other provision of law, if the State

1 fails to pay in a State fiscal year the amount guaranteed under
2 this subsection, the System may bring a mandamus action in the
3 Circuit Court of Sangamon County to compel the State to make
4 that payment, irrespective of other remedies that may be
5 available to the System. It shall be the mandatory fiduciary
6 obligation of the Board of the System to bring that action if
7 the State fails to pay in the fiscal year the amount guaranteed
8 under this subsection. Before commencing that action, the Board
9 shall submit a voucher for monthly contributions as required in
10 Section 14-131. If the State fails to pay a vouchered amount
11 within 90 days after receiving a voucher for that amount, then
12 the Board shall submit a written request to the Comptroller
13 seeking payment of that amount. A copy of the request shall be
14 filed with the Secretary of State, and the Secretary of State
15 shall provide copies of the request to the Governor and General
16 Assembly. No earlier than the 16th day after filing a request
17 with the Secretary, but no later than the 21st day after filing
18 that request, the Board may commence such an action in the
19 Circuit Court. If the Board fails to commence such action on or
20 before the 21st day after filing the request with the Secretary
21 of State, then any Tier I employee or Tier I retiree who chose
22 the option under paragraph (1) of subsection (a) or (a-5) of
23 Section 14-106.5 may file a mandamus action against the Board
24 to compel the Board to commence its mandamus action against the
25 State. This Section constitutes an express waiver of the
26 State's sovereign immunity. In ordering the State to make the

1 required payment, the court may order a reasonable payment
2 schedule to enable the State to make the required payment. The
3 obligations and causes of action created under this subsection
4 shall be in addition to any other right or remedy otherwise
5 accorded by common law, or State or federal law, and nothing in
6 this subsection shall be construed to deny, abrogate, impair,
7 or waive any such common law or statutory right or remedy.

8 Any payments required to be made by the State pursuant to
9 this subsection (c) are expressly subordinated to the payment
10 of the principal, interest, and premium, if any, on any bonded
11 debt obligation of the State or any other State-created entity,
12 either currently outstanding or to be issued, for which the
13 source of repayment or security thereon is derived directly or
14 indirectly from tax revenues collected by the State or any
15 other State-created entity. Payments on such bonded
16 obligations include any statutory fund transfers or other
17 prefunding mechanisms or formulas set forth, now or hereafter,
18 in State law or bond indentures, into debt service funds or
19 accounts of the State related to such bonded obligations,
20 consistent with the payment schedules associated with such
21 obligations.

22 (Source: P.A. 80-841.)

23 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

24 Sec. 14-133. Contributions on behalf of members.

25 (a) Each participating employee shall make contributions

1 to the System, based on the employee's compensation, as
2 follows:

3 (1) Covered employees, except as indicated below, 3.5%
4 for retirement annuity, and 0.5% for a widow or survivors
5 annuity;

6 (2) Noncovered employees, except as indicated below,
7 7% for retirement annuity and 1% for a widow or survivors
8 annuity;

9 (3) Noncovered employees serving in a position in which
10 "eligible creditable service" as defined in Section 14-110
11 may be earned, 1% for a widow or survivors annuity plus the
12 following amount for retirement annuity: 8.5% through
13 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
14 in 2004 and thereafter;

15 (4) Covered employees serving in a position in which
16 "eligible creditable service" as defined in Section 14-110
17 may be earned, 0.5% for a widow or survivors annuity plus
18 the following amount for retirement annuity: 5% through
19 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
20 and thereafter;

21 (5) Each security employee of the Department of
22 Corrections or of the Department of Human Services who is a
23 covered employee, 0.5% for a widow or survivors annuity
24 plus the following amount for retirement annuity: 5%
25 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
26 in 2004 and thereafter;

1 (6) Each security employee of the Department of
2 Corrections or of the Department of Human Services who is
3 not a covered employee, 1% for a widow or survivors annuity
4 plus the following amount for retirement annuity: 8.5%
5 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
6 11.5% in 2004 and thereafter.

7 (a-1) In addition to the contributions required under
8 subsection (a), an employee who elects to participate in the
9 optional cash balance plan under Section 1-162 shall pay to the
10 System for the purpose of participating in the optional cash
11 balance plan an additional contribution of 2% of each payment
12 of compensation received while he or she is a participant in
13 the optional cash balance plan. These contributions shall not
14 be used for the purpose of determining any benefit under this
15 Article except as provided in the optional cash balance plan.

16 (b) Contributions shall be in the form of a deduction from
17 compensation and shall be made notwithstanding that the
18 compensation paid in cash to the employee shall be reduced
19 thereby below the minimum prescribed by law or regulation. Each
20 member is deemed to consent and agree to the deductions from
21 compensation provided for in this Article, and shall receipt in
22 full for salary or compensation.

23 (Source: P.A. 92-14, eff. 6-28-01.)

24 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
25 Sec. 14-135.08. To certify required State contributions.

1 (a) To certify to the Governor and to each department, on
2 or before November 15 of each year through ~~until~~ November 15,
3 2011, the required rate for State contributions to the System
4 for the next State fiscal year, as determined under subsection
5 (b) of Section 14-131. The certification to the Governor under
6 this subsection (a) shall include a copy of the actuarial
7 recommendations upon which the rate is based ~~and shall~~
8 ~~specifically identify the System's projected State normal cost~~
9 ~~for that fiscal year.~~

10 (a-5) On or before November 1 of each year, beginning
11 November 1, 2012, the Board shall submit to the State Actuary,
12 the Governor, and the General Assembly a proposed certification
13 of the amount of the required State contribution to the System
14 for the next fiscal year, along with all of the actuarial
15 assumptions, calculations, and data upon which that proposed
16 certification is based. On or before January 1 of each year,
17 beginning January 1, 2013, the State Actuary shall issue a
18 preliminary report concerning the proposed certification and
19 identifying, if necessary, recommended changes in actuarial
20 assumptions that the Board must consider before finalizing its
21 certification of the required State contributions.

22 On or before January 15, 2013 and each January 15
23 thereafter, the Board shall certify to the Governor and the
24 General Assembly the amount of the required State contribution
25 for the next fiscal year. The certification shall include a
26 copy of the actuarial recommendations upon which it is based

1 and shall specifically identify the System's projected State
2 normal cost for that fiscal year. The Board's certification
3 must note any deviations from the State Actuary's recommended
4 changes, the reason or reasons for not following the State
5 Actuary's recommended changes, and the fiscal impact of not
6 following the State Actuary's recommended changes on the
7 required State contribution.

8 (b) The certifications under subsections (a) and (a-5)
9 shall include an additional amount necessary to pay all
10 principal of and interest on those general obligation bonds due
11 the next fiscal year authorized by Section 7.2(a) of the
12 General Obligation Bond Act and issued to provide the proceeds
13 deposited by the State with the System in July 2003,
14 representing deposits other than amounts reserved under
15 Section 7.2(c) of the General Obligation Bond Act. For State
16 fiscal year 2005, the Board shall make a supplemental
17 certification of the additional amount necessary to pay all
18 principal of and interest on those general obligation bonds due
19 in State fiscal years 2004 and 2005 authorized by Section
20 7.2(a) of the General Obligation Bond Act and issued to provide
21 the proceeds deposited by the State with the System in July
22 2003, representing deposits other than amounts reserved under
23 Section 7.2(c) of the General Obligation Bond Act, as soon as
24 practical after the effective date of this amendatory Act of
25 the 93rd General Assembly.

26 On or before May 1, 2004, the Board shall recalculate and

1 recertify to the Governor and to each department the amount of
2 the required State contribution to the System and the required
3 rates for State contributions to the System for State fiscal
4 year 2005, taking into account the amounts appropriated to and
5 received by the System under subsection (d) of Section 7.2 of
6 the General Obligation Bond Act.

7 On or before July 1, 2005, the Board shall recalculate and
8 recertify to the Governor and to each department the amount of
9 the required State contribution to the System and the required
10 rates for State contributions to the System for State fiscal
11 year 2006, taking into account the changes in required State
12 contributions made by this amendatory Act of the 94th General
13 Assembly.

14 On or before April 1, 2011, the Board shall recalculate and
15 recertify to the Governor and to each department the amount of
16 the required State contribution to the System for State fiscal
17 year 2011, applying the changes made by Public Act 96-889 to
18 the System's assets and liabilities as of June 30, 2009 as
19 though Public Act 96-889 was approved on that date.

20 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
21 97-694, eff. 6-18-12.)

22 (40 ILCS 5/14-152.1)

23 Sec. 14-152.1. Application and expiration of new benefit
24 increases.

25 (a) As used in this Section, "new benefit increase" means

1 an increase in the amount of any benefit provided under this
2 Article, or an expansion of the conditions of eligibility for
3 any benefit under this Article, that results from an amendment
4 to this Code that takes effect after June 1, 2005 (the
5 effective date of Public Act 94-4). "New benefit increase",
6 however, does not include any benefit increase resulting from
7 the changes made to this Article or Article 1 by Public Act
8 96-37 or this amendatory Act of the 98th ~~96th~~ General Assembly.

9 (b) Notwithstanding any other provision of this Code or any
10 subsequent amendment to this Code, every new benefit increase
11 is subject to this Section and shall be deemed to be granted
12 only in conformance with and contingent upon compliance with
13 the provisions of this Section.

14 (c) The Public Act enacting a new benefit increase must
15 identify and provide for payment to the System of additional
16 funding at least sufficient to fund the resulting annual
17 increase in cost to the System as it accrues.

18 Every new benefit increase is contingent upon the General
19 Assembly providing the additional funding required under this
20 subsection. The Commission on Government Forecasting and
21 Accountability shall analyze whether adequate additional
22 funding has been provided for the new benefit increase and
23 shall report its analysis to the Public Pension Division of the
24 Department of Financial and Professional Regulation. A new
25 benefit increase created by a Public Act that does not include
26 the additional funding required under this subsection is null

1 and void. If the Public Pension Division determines that the
2 additional funding provided for a new benefit increase under
3 this subsection is or has become inadequate, it may so certify
4 to the Governor and the State Comptroller and, in the absence
5 of corrective action by the General Assembly, the new benefit
6 increase shall expire at the end of the fiscal year in which
7 the certification is made.

8 (d) Every new benefit increase shall expire 5 years after
9 its effective date or on such earlier date as may be specified
10 in the language enacting the new benefit increase or provided
11 under subsection (c). This does not prevent the General
12 Assembly from extending or re-creating a new benefit increase
13 by law.

14 (e) Except as otherwise provided in the language creating
15 the new benefit increase, a new benefit increase that expires
16 under this Section continues to apply to persons who applied
17 and qualified for the affected benefit while the new benefit
18 increase was in effect and to the affected beneficiaries and
19 alternate payees of such persons, but does not apply to any
20 other person, including without limitation a person who
21 continues in service after the expiration date and did not
22 apply and qualify for the affected benefit while the new
23 benefit increase was in effect.

24 (Source: P.A. 96-37, eff. 7-13-09.)

25 Section B-40. If and only if any of the changes made by

1 Part A of this Act to provisions in Article 15 of the Illinois
2 Pension Code concerning (i) automatic annual increases, (ii)
3 employee or member contributions, (iii) State or employer
4 contributions, (iv) State funding guarantees, or (v) salary,
5 earnings, or compensation is declared to be unconstitutional or
6 otherwise invalid, then the Illinois Pension Code is amended by
7 changing Sections 15-111, 15-136, 15-156, 15-157, 15-163,
8 15-165, and 15-198 and by adding Sections 15-108.1, 15-108.2,
9 15-112.1, and 15-132.9 as follows:

10 (40 ILCS 5/15-108.1 new)

11 Sec. 15-108.1. Tier I employee. "Tier I employee": An
12 employee under this Article, other than a participant in the
13 self-managed plan under Section 15-158.2, who first became a
14 member or participant before January 1, 2011 under any
15 reciprocal retirement system or pension fund established under
16 this Code other than a retirement system or pension fund
17 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

18 (40 ILCS 5/15-108.2 new)

19 Sec. 15-108.2. Tier I retiree. "Tier I retiree": A former
20 Tier I employee who is receiving a retirement annuity.

21 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

22 Sec. 15-111. Earnings. "Earnings": An amount paid for
23 personal services equal to the sum of the basic compensation

1 plus extra compensation for summer teaching, overtime or other
2 extra service. For periods for which an employee receives
3 service credit under subsection (c) of Section 15-113.1 or
4 Section 15-113.2, earnings are equal to the basic compensation
5 on which contributions are paid by the employee during such
6 periods. Compensation for employment which is irregular,
7 intermittent and temporary shall not be considered earnings,
8 unless the participant is also receiving earnings from the
9 employer as an employee under Section 15-107.

10 With respect to transition pay paid by the University of
11 Illinois to a person who was a participating employee employed
12 in the fire department of the University of Illinois's
13 Champaign-Urbana campus immediately prior to the elimination
14 of that fire department:

15 (1) "Earnings" includes transition pay paid to the
16 employee on or after the effective date of this amendatory
17 Act of the 91st General Assembly.

18 (2) "Earnings" includes transition pay paid to the
19 employee before the effective date of this amendatory Act
20 of the 91st General Assembly only if (i) employee
21 contributions under Section 15-157 have been withheld from
22 that transition pay or (ii) the employee pays to the System
23 before January 1, 2001 an amount representing employee
24 contributions under Section 15-157 on that transition pay.
25 Employee contributions under item (ii) may be paid in a
26 lump sum, by withholding from additional transition pay

1 accruing before January 1, 2001, or in any other manner
2 approved by the System. Upon payment of the employee
3 contributions on transition pay, the corresponding
4 employer contributions become an obligation of the State.

5 Notwithstanding any other provision of this Section,
6 "earnings" does not include any future increase in income
7 offered by an employer under this Article pursuant to the
8 requirements of subsection (c) of Section 15-132.9 that is
9 accepted by a Tier I employee, or a Tier I retiree returning to
10 active service, who has made an election under paragraph (2) of
11 subsection (a) or (a-5) of Section 15-132.9.

12 (Source: P.A. 91-887, eff. 7-6-00.)

13 (40 ILCS 5/15-112.1 new)

14 Sec. 15-112.1. Future increase in income. "Future increase
15 in income": Any increase in income in any form offered by an
16 employer to an employee under this Article after the end of the
17 election period in Section 15-132.9 that would qualify as
18 "earnings", as defined in Section 15-111, but for the fact that
19 the employer offered the increase in income to the employee on
20 the condition that it not qualify as earnings and the employee
21 accepted the increase in income subject to that condition. The
22 term "future increase in income" does not include an increase
23 in income in any form that is paid to a Tier I employee under an
24 employment contract or collective bargaining agreement that is
25 in effect on the effective date of this Section but does

1 include an increase in income in any form pursuant to an
2 extension, amendment, or renewal of any such employment
3 contract or collective bargaining agreement on or after the
4 effective date of this amendatory Act of the 98th General
5 Assembly.

6 (40 ILCS 5/15-132.9 new)

7 Sec. 15-132.9. Election by Tier I employees and Tier I
8 retirees.

9 (a) Each Tier I employee shall make an irrevocable election
10 either:

11 (1) to agree to the following:

12 (i) to have the amount of the automatic annual
13 increases in his or her retirement annuity that are
14 otherwise provided for in this Article calculated,
15 instead, as provided in subsection (d-1) of Section
16 15-136; and

17 (ii) to have his or her eligibility for automatic
18 annual increases in retirement annuity postponed as
19 provided in subsection (d-2) of Section 15-136; or

20 (2) to not agree to items (i) and (ii) as set forth in
21 paragraph (1) of this subsection.

22 The election required under this subsection (a) shall be
23 made by each Tier I employee no earlier than 6 months after the
24 effective date of this Section and no later than 11 months
25 after the effective date of this Section, except that:

1 (i) a person who becomes a Tier I employee under this
2 Article later than 6 months after the effective date of
3 this Section must make the election under this subsection
4 (a) within 60 days after becoming a Tier I employee;

5 (ii) a person who returns to active service as a Tier I
6 employee under this Article later than 6 months after the
7 effective date of this Section and has not yet made an
8 election under this Section must make the election under
9 this subsection (a) within 60 days after returning to
10 active service as a Tier I employee; and

11 (iii) a person who made the election under subsection
12 (a-5) as a Tier I retiree remains bound by that election
13 and shall not make a later election under this subsection
14 (a).

15 If a Tier I employee fails for any reason to make a
16 required election under this subsection within the time
17 specified, then the employee shall be deemed to have made the
18 election under paragraph (2) of this subsection.

19 (a-5) Each Tier I retiree shall make an irrevocable
20 election either:

21 (1) to agree to the following:

22 (i) to have the amount of the automatic annual
23 increases in his or her retirement annuity that are
24 otherwise provided for in this Article calculated,
25 instead, as provided in subsection (d-1) of Section
26 15-136; and

1 (ii) to have his or her eligibility for automatic
2 annual increases in retirement annuity postponed as
3 provided in subsection (d-2) of Section 15-136; or
4 (2) to not agree to items (i) and (ii) as set forth in
5 paragraph (1) of this subsection.

6 The election required under this subsection (a-5) shall be
7 made by each Tier I retiree no earlier than 6 months after the
8 effective date of this Section and no later than 11 months
9 after the effective date of this Section, except that:

10 (i) a person who becomes a Tier I retiree under this
11 Article later than 6 months after the effective date of
12 this Section must make the election under this subsection
13 (a-5) within 60 days after becoming a Tier I retiree; and

14 (ii) a person who made the election under subsection
15 (a) as a Tier I employee remains bound by that election and
16 shall not make a later election under this subsection
17 (a-5).

18 If a Tier I retiree fails for any reason to make a required
19 election under this subsection within the time specified, then
20 the Tier I retiree shall be deemed to have made the election
21 under paragraph (2) of this subsection.

22 (a-10) All elections under subsection (a) or (a-5) that are
23 made or deemed to be made within 11 months after the effective
24 date of this Section shall take effect 12 months after the
25 effective date of this Section. Elections that are made or
26 deemed to be made more than 11 months after the effective date

1 of this Section shall take effect on the first day of the month
2 following the month in which the election is made or deemed to
3 be made.

4 (b) As adequate and legal consideration provided under this
5 amendatory Act of the 98th General Assembly for making the
6 election under paragraph (1) of subsection (a) of this Section,
7 any future increases in income offered by an employer under
8 this Article to a Tier I employee who has made the election
9 under paragraph (1) of subsection (a) of this Section shall be
10 offered expressly and irrevocably as constituting earnings
11 under Section 15-111. In addition, a Tier I employee who has
12 made the election under paragraph (1) of subsection (a) of this
13 Section shall receive the right to also participate in the
14 optional cash balance plan established under Section 1-162.

15 As adequate and legal consideration provided under this
16 amendatory Act of the 98th General Assembly for making the
17 election under paragraph (1) of subsection (a-5) of this
18 Section, any future increases in income offered by an employer
19 under this Article to a Tier I retiree who returns to active
20 service after having made the election under paragraph (1) of
21 subsection (a-5) of this Section shall be offered expressly and
22 irrevocably as constituting earnings under Section 15-111. In
23 addition, a Tier I retiree who returns to active service and
24 has made the election under paragraph (1) of subsection (a) of
25 this Section shall receive the right to also participate in the
26 optional cash balance plan established under Section 1-162.

1 (c) A Tier I employee who makes the election under
2 paragraph (2) of subsection (a) of this Section shall not be
3 subject to items (i) and (ii) set forth in paragraph (1) of
4 subsection (a) of this Section. However, any future increases
5 in income offered by an employer under this Article to a Tier I
6 employee who has made the election under paragraph (2) of
7 subsection (a) of this Section shall be offered by the employer
8 expressly and irrevocably as not constituting earnings under
9 Section 15-111, and the employee may not accept any future
10 increase in income that is offered in violation of this
11 requirement. In addition, a Tier I employee who has made the
12 election under paragraph (2) of subsection (a) of this Section
13 shall not receive the right to participate in the optional cash
14 balance plan established under Section 1-162.

15 A Tier I retiree who makes the election under paragraph (2)
16 of subsection (a-5) of this Section shall not be subject to
17 items (i) and (ii) set forth in paragraph (1) of subsection
18 (a-5) of this Section. However, any future increases in income
19 offered by an employer under this Article to a Tier I retiree
20 who returns to active service and has made the election under
21 paragraph (2) of subsection (a-5) of this Section shall be
22 offered by the employer expressly and irrevocably as not
23 constituting earnings under Section 15-111, and the employee
24 may not accept any future increase in income that is offered in
25 violation of this requirement. In addition, a Tier I retiree
26 who returns to active service and has made the election under

1 paragraph (2) of subsection (a) of this Section shall not
2 receive the right to participate in the optional cash balance
3 plan established under Section 1-162.

4 (d) The System shall make a good faith effort to contact
5 each Tier I employee and Tier I retiree subject to this
6 Section. The System shall mail information describing the
7 required election to each Tier I employee and Tier I retiree by
8 United States Postal Service mail to his or her last known
9 address on file with the System. If the Tier I employee or Tier
10 I retiree is not responsive to other means of contact, it is
11 sufficient for the System to publish the details of any
12 required elections on its website or to publish those details
13 in a regularly published newsletter or other existing public
14 forum.

15 Tier I employees and Tier I retirees who are subject to
16 this Section shall be provided with an election packet
17 containing information regarding their options, as well as the
18 forms necessary to make the required election. Upon request,
19 the System shall offer Tier I employees and Tier I retirees an
20 opportunity to receive information from the System before
21 making the required election. The information may consist of
22 video materials, group presentations, individual consultation
23 with a member or authorized representative of the System in
24 person or by telephone or other electronic means, or any
25 combination of those methods. The System shall not provide
26 advice or counseling with respect to which election a Tier I

1 employee or Tier I retiree should make or specific to the legal
2 or tax circumstances of or consequences to the Tier I employee
3 or Tier I retiree.

4 The System shall inform Tier I employees and Tier I
5 retirees in the election packet required under this subsection
6 that the Tier I employee or Tier I retiree may also wish to
7 obtain information and counsel relating to the election
8 required under this Section from any other available source,
9 including but not limited to labor organizations and private
10 counsel.

11 In no event shall the System, its staff, or the Board be
12 held liable for any information given to a member, beneficiary,
13 or annuitant regarding the elections under this Section. The
14 System shall coordinate with the Illinois Department of Central
15 Management Services and each other retirement system
16 administering an election in accordance with this amendatory
17 Act of the 98th General Assembly to provide information
18 concerning the impact of the election set forth in this
19 Section.

20 (e) Notwithstanding any other provision of law, an employer
21 under this Article is required to offer any future increases in
22 income expressly and irrevocably as not constituting
23 "earnings" under Section 15-111 to any Tier I employee, or Tier
24 I retiree returning to active service, who has made an election
25 under paragraph (2) of subsection (a) or (a-5) of this Section.
26 A Tier I employee, or Tier I retiree returning to active

1 service, who has made an election under paragraph (2) of
2 subsection (a) or (a-5) of this Section shall not accept any
3 future increase in income that is offered by an employer under
4 this Article in violation of the requirement set forth in this
5 subsection.

6 (f) A member's election under this Section is not a
7 prohibited election under subdivision (j)(1) of Section 1-119
8 of this Code.

9 (g) An employee who has made the election under paragraph
10 (1) of subsection (a) or (a-5) of this Section may elect to
11 participate in the optional cash balance plan under Section
12 1-162.

13 The election to participate in the optional cash balance
14 plan shall be made in writing, in the manner provided by the
15 applicable retirement system.

16 (h) No provision of this Section shall be interpreted in a
17 way that would cause the System to cease to be a qualified plan
18 under Section 401(a) of the Internal Revenue Code of 1986.

19 (i) If this Section is determined to be unconstitutional or
20 otherwise invalid by a final unappealable decision of an
21 Illinois court or a court of competent jurisdiction as applied
22 to Tier I employees but not as applied to Tier I retirees, then
23 this Section and the changes deriving from the election
24 required under this Section shall be null and void as applied
25 to Tier I employees but shall remain in full effect for Tier I
26 retirees.

1 (j) If this Section is determined to be unconstitutional or
2 otherwise invalid by a final unappealable decision of an
3 Illinois court or a court of competent jurisdiction as applied
4 to Tier I retirees but not as applied to Tier I employees, then
5 this Section and the changes deriving from the election
6 required under this Section shall be null and void as applied
7 to Tier I retirees but shall remain in full effect for Tier I
8 employees.

9 (k) If an election created by this amendatory Act in any
10 other Article of this Code or any change deriving from that
11 election is determined to be unconstitutional or otherwise
12 invalid by a final unappealable decision of an Illinois court
13 or a court of competent jurisdiction, the invalidity of that
14 provision shall not in any way affect the validity of this
15 Section or the changes deriving from the election required
16 under this Section.

17 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

18 Sec. 15-136. Retirement annuities - Amount. The provisions
19 of this Section 15-136 apply only to those participants who are
20 participating in the traditional benefit package or the
21 portable benefit package and do not apply to participants who
22 are participating in the self-managed plan.

23 (a) The amount of a participant's retirement annuity,
24 expressed in the form of a single-life annuity, shall be
25 determined by whichever of the following rules is applicable

1 and provides the largest annuity:

2 Rule 1: The retirement annuity shall be 1.67% of final rate
3 of earnings for each of the first 10 years of service, 1.90%
4 for each of the next 10 years of service, 2.10% for each year
5 of service in excess of 20 but not exceeding 30, and 2.30% for
6 each year in excess of 30; or for persons who retire on or
7 after January 1, 1998, 2.2% of the final rate of earnings for
8 each year of service.

9 Rule 2: The retirement annuity shall be the sum of the
10 following, determined from amounts credited to the participant
11 in accordance with the actuarial tables and the effective rate
12 of interest in effect at the time the retirement annuity
13 begins:

14 (i) the normal annuity which can be provided on an
15 actuarially equivalent basis, by the accumulated normal
16 contributions as of the date the annuity begins;

17 (ii) an annuity from employer contributions of an
18 amount equal to that which can be provided on an
19 actuarially equivalent basis from the accumulated normal
20 contributions made by the participant under Section
21 15-113.6 and Section 15-113.7 plus 1.4 times all other
22 accumulated normal contributions made by the participant;
23 and

24 (iii) the annuity that can be provided on an
25 actuarially equivalent basis from the entire contribution
26 made by the participant under Section 15-113.3.

1 With respect to a police officer or firefighter who retires
2 on or after August 14, 1998, the accumulated normal
3 contributions taken into account under clauses (i) and (ii) of
4 this Rule 2 shall include the additional normal contributions
5 made by the police officer or firefighter under Section
6 15-157(a).

7 The amount of a retirement annuity calculated under this
8 Rule 2 shall be computed solely on the basis of the
9 participant's accumulated normal contributions, as specified
10 in this Rule and defined in Section 15-116. Neither an employee
11 or employer contribution for early retirement under Section
12 15-136.2 nor any other employer contribution shall be used in
13 the calculation of the amount of a retirement annuity under
14 this Rule 2.

15 This amendatory Act of the 91st General Assembly is a
16 clarification of existing law and applies to every participant
17 and annuitant without regard to whether status as an employee
18 terminates before the effective date of this amendatory Act.

19 This Rule 2 does not apply to a person who first becomes an
20 employee under this Article on or after July 1, 2005.

21 Rule 3: The retirement annuity of a participant who is
22 employed at least one-half time during the period on which his
23 or her final rate of earnings is based, shall be equal to the
24 participant's years of service not to exceed 30, multiplied by
25 (1) \$96 if the participant's final rate of earnings is less
26 than \$3,500, (2) \$108 if the final rate of earnings is at least

1 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
2 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
3 the final rate of earnings is at least \$5,500 but less than
4 \$6,500, (5) \$144 if the final rate of earnings is at least
5 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
6 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
7 the final rate of earnings is at least \$8,500 but less than
8 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
9 more, except that the annuity for those persons having made an
10 election under Section 15-154(a-1) shall be calculated and
11 payable under the portable retirement benefit program pursuant
12 to the provisions of Section 15-136.4.

13 Rule 4: A participant who is at least age 50 and has 25 or
14 more years of service as a police officer or firefighter, and a
15 participant who is age 55 or over and has at least 20 but less
16 than 25 years of service as a police officer or firefighter,
17 shall be entitled to a retirement annuity of 2 1/4% of the
18 final rate of earnings for each of the first 10 years of
19 service as a police officer or firefighter, 2 1/2% for each of
20 the next 10 years of service as a police officer or
21 firefighter, and 2 3/4% for each year of service as a police
22 officer or firefighter in excess of 20. The retirement annuity
23 for all other service shall be computed under Rule 1.

24 For purposes of this Rule 4, a participant's service as a
25 firefighter shall also include the following:

26 (i) service that is performed while the person is an

1 employee under subsection (h) of Section 15-107; and

2 (ii) in the case of an individual who was a
3 participating employee employed in the fire department of
4 the University of Illinois's Champaign-Urbana campus
5 immediately prior to the elimination of that fire
6 department and who immediately after the elimination of
7 that fire department transferred to another job with the
8 University of Illinois, service performed as an employee of
9 the University of Illinois in a position other than police
10 officer or firefighter, from the date of that transfer
11 until the employee's next termination of service with the
12 University of Illinois.

13 Rule 5: The retirement annuity of a participant who elected
14 early retirement under the provisions of Section 15-136.2 and
15 who, on or before February 16, 1995, brought administrative
16 proceedings pursuant to the administrative rules adopted by the
17 System to challenge the calculation of his or her retirement
18 annuity shall be the sum of the following, determined from
19 amounts credited to the participant in accordance with the
20 actuarial tables and the prescribed rate of interest in effect
21 at the time the retirement annuity begins:

22 (i) the normal annuity which can be provided on an
23 actuarially equivalent basis, by the accumulated normal
24 contributions as of the date the annuity begins; and

25 (ii) an annuity from employer contributions of an
26 amount equal to that which can be provided on an

1 actuarially equivalent basis from the accumulated normal
2 contributions made by the participant under Section
3 15-113.6 and Section 15-113.7 plus 1.4 times all other
4 accumulated normal contributions made by the participant;
5 and

6 (iii) an annuity which can be provided on an
7 actuarially equivalent basis from the employee
8 contribution for early retirement under Section 15-136.2,
9 and an annuity from employer contributions of an amount
10 equal to that which can be provided on an actuarially
11 equivalent basis from the employee contribution for early
12 retirement under Section 15-136.2.

13 In no event shall a retirement annuity under this Rule 5 be
14 lower than the amount obtained by adding (1) the monthly amount
15 obtained by dividing the combined employee and employer
16 contributions made under Section 15-136.2 by the System's
17 annuity factor for the age of the participant at the beginning
18 of the annuity payment period and (2) the amount equal to the
19 participant's annuity if calculated under Rule 1, reduced under
20 Section 15-136(b) as if no contributions had been made under
21 Section 15-136.2.

22 With respect to a participant who is qualified for a
23 retirement annuity under this Rule 5 whose retirement annuity
24 began before the effective date of this amendatory Act of the
25 91st General Assembly, and for whom an employee contribution
26 was made under Section 15-136.2, the System shall recalculate

1 the retirement annuity under this Rule 5 and shall pay any
2 additional amounts due in the manner provided in Section
3 15-186.1 for benefits mistakenly set too low.

4 The amount of a retirement annuity calculated under this
5 Rule 5 shall be computed solely on the basis of those
6 contributions specifically set forth in this Rule 5. Except as
7 provided in clause (iii) of this Rule 5, neither an employee
8 nor employer contribution for early retirement under Section
9 15-136.2, nor any other employer contribution, shall be used in
10 the calculation of the amount of a retirement annuity under
11 this Rule 5.

12 The General Assembly has adopted the changes set forth in
13 Section 25 of this amendatory Act of the 91st General Assembly
14 in recognition that the decision of the Appellate Court for the
15 Fourth District in *Mattis v. State Universities Retirement*
16 *System et al.* might be deemed to give some right to the
17 plaintiff in that case. The changes made by Section 25 of this
18 amendatory Act of the 91st General Assembly are a legislative
19 implementation of the decision of the Appellate Court for the
20 Fourth District in *Mattis v. State Universities Retirement*
21 *System et al.* with respect to that plaintiff.

22 The changes made by Section 25 of this amendatory Act of
23 the 91st General Assembly apply without regard to whether the
24 person is in service as an employee on or after its effective
25 date.

26 (b) The retirement annuity provided under Rules 1 and 3

1 above shall be reduced by 1/2 of 1% for each month the
2 participant is under age 60 at the time of retirement. However,
3 this reduction shall not apply in the following cases:

4 (1) For a disabled participant whose disability
5 benefits have been discontinued because he or she has
6 exhausted eligibility for disability benefits under clause
7 (6) of Section 15-152;

8 (2) For a participant who has at least the number of
9 years of service required to retire at any age under
10 subsection (a) of Section 15-135; or

11 (3) For that portion of a retirement annuity which has
12 been provided on account of service of the participant
13 during periods when he or she performed the duties of a
14 police officer or firefighter, if these duties were
15 performed for at least 5 years immediately preceding the
16 date the retirement annuity is to begin.

17 (c) The maximum retirement annuity provided under Rules 1,
18 2, 4, and 5 shall be the lesser of (1) the annual limit of
19 benefits as specified in Section 415 of the Internal Revenue
20 Code of 1986, as such Section may be amended from time to time
21 and as such benefit limits shall be adjusted by the
22 Commissioner of Internal Revenue, and (2) 80% of final rate of
23 earnings.

24 (d) Subject to the provisions of subsections (d-1) and
25 (d-2), an ~~An~~ annuitant whose status as an employee terminates
26 after August 14, 1969 shall receive automatic increases in his

1 or her retirement annuity as follows:

2 Effective January 1 immediately following the date the
3 retirement annuity begins, the annuitant shall receive an
4 increase in his or her monthly retirement annuity of 0.125% of
5 the monthly retirement annuity provided under Rule 1, Rule 2,
6 Rule 3, Rule 4, or Rule 5, contained in this Section,
7 multiplied by the number of full months which elapsed from the
8 date the retirement annuity payments began to January 1, 1972,
9 plus 0.1667% of such annuity, multiplied by the number of full
10 months which elapsed from January 1, 1972, or the date the
11 retirement annuity payments began, whichever is later, to
12 January 1, 1978, plus 0.25% of such annuity multiplied by the
13 number of full months which elapsed from January 1, 1978, or
14 the date the retirement annuity payments began, whichever is
15 later, to the effective date of the increase.

16 The annuitant shall receive an increase in his or her
17 monthly retirement annuity on each January 1 thereafter during
18 the annuitant's life of 3% of the monthly annuity provided
19 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
20 this Section. The change made under this subsection by P.A.
21 81-970 is effective January 1, 1980 and applies to each
22 annuitant whose status as an employee terminates before or
23 after that date.

24 Beginning January 1, 1990, and except as provided in
25 subsections (d-1) and (d-2), all automatic annual increases
26 payable under this Section shall be calculated as a percentage

1 of the total annuity payable at the time of the increase,
2 including all increases previously granted under this Article.

3 The change made in this subsection by P.A. 85-1008 is
4 effective January 26, 1988, and is applicable without regard to
5 whether status as an employee terminated before that date.

6 (d-1) Notwithstanding any other provision of this Article,
7 for a Tier I employee or Tier I retiree who made the election
8 under paragraph (1) of subsection (a) or (a-5) of Section
9 15-132.9, the amount of each automatic annual increase in
10 retirement annuity occurring on or after the effective date of
11 that election shall be 3% or one-half of the annual unadjusted
12 percentage increase, if any, in the Consumer Price Index-U for
13 the 12 months ending with the preceding September, whichever is
14 less, of the originally granted retirement annuity. For the
15 purposes of this Section, "Consumer Price Index-U" means the
16 index published by the Bureau of Labor Statistics of the United
17 States Department of Labor that measures the average change in
18 prices of goods and services purchased by all urban consumers,
19 United States city average, all items, 1982-84 = 100.

20 (d-2) Notwithstanding any other provision of this Article,
21 for a Tier I employee or Tier I retiree who made the election
22 under paragraph (1) of subsection (a) or (a-5) of Section
23 15-132.9, the monthly retirement annuity shall first be subject
24 to annual increases on the January 1 occurring on or next after
25 either the attainment of age 67 or the January 1 occurring on
26 or next after the fifth anniversary of the annuity start date,

1 whichever occurs earlier. If on the effective date of the
2 election under paragraph (1) of subsection (a-5) of Section
3 15-132.9 a Tier I retiree has already received an annual
4 increase under this Section but does not yet meet the new
5 eligibility requirements of this subsection, the annual
6 increases already received shall continue in force, but no
7 additional annual increase shall be granted until the Tier I
8 retiree meets the new eligibility requirements.

9 (e) If, on January 1, 1987, or the date the retirement
10 annuity payment period begins, whichever is later, the sum of
11 the retirement annuity provided under Rule 1 or Rule 2 of this
12 Section and the automatic annual increases provided under the
13 preceding subsection or Section 15-136.1, amounts to less than
14 the retirement annuity which would be provided by Rule 3, the
15 retirement annuity shall be increased as of January 1, 1987, or
16 the date the retirement annuity payment period begins,
17 whichever is later, to the amount which would be provided by
18 Rule 3 of this Section. Such increased amount shall be
19 considered as the retirement annuity in determining benefits
20 provided under other Sections of this Article. This paragraph
21 applies without regard to whether status as an employee
22 terminated before the effective date of this amendatory Act of
23 1987, provided that the annuitant was employed at least
24 one-half time during the period on which the final rate of
25 earnings was based.

26 (f) A participant is entitled to such additional annuity as

1 may be provided on an actuarially equivalent basis, by any
2 accumulated additional contributions to his or her credit.
3 However, the additional contributions made by the participant
4 toward the automatic increases in annuity provided under this
5 Section shall not be taken into account in determining the
6 amount of such additional annuity.

7 (g) If, (1) by law, a function of a governmental unit, as
8 defined by Section 20-107 of this Code, is transferred in whole
9 or in part to an employer, and (2) a participant transfers
10 employment from such governmental unit to such employer within
11 6 months after the transfer of the function, and (3) the sum of
12 (A) the annuity payable to the participant under Rule 1, 2, or
13 3 of this Section (B) all proportional annuities payable to the
14 participant by all other retirement systems covered by Article
15 20, and (C) the initial primary insurance amount to which the
16 participant is entitled under the Social Security Act, is less
17 than the retirement annuity which would have been payable if
18 all of the participant's pension credits validated under
19 Section 20-109 had been validated under this system, a
20 supplemental annuity equal to the difference in such amounts
21 shall be payable to the participant.

22 (h) On January 1, 1981, an annuitant who was receiving a
23 retirement annuity on or before January 1, 1971 shall have his
24 or her retirement annuity then being paid increased \$1 per
25 month for each year of creditable service. On January 1, 1982,
26 an annuitant whose retirement annuity began on or before

1 January 1, 1977, shall have his or her retirement annuity then
2 being paid increased \$1 per month for each year of creditable
3 service.

4 (i) On January 1, 1987, any annuitant whose retirement
5 annuity began on or before January 1, 1977, shall have the
6 monthly retirement annuity increased by an amount equal to 8¢
7 per year of creditable service times the number of years that
8 have elapsed since the annuity began.

9 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

10 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

11 Sec. 15-156. Obligations of State; funding guarantees.

12 (a) The payment of (1) the required State contributions,
13 (2) all benefits granted under this system and (3) all expenses
14 in connection with the administration and operation thereof are
15 obligations of the State of Illinois to the extent specified in
16 this Article. The accumulated employee normal, additional and
17 survivors insurance contributions credited to the accounts of
18 active and inactive participants shall not be used to pay the
19 State's share of the obligations.

20 (b) If at least 50% of Tier I employees making an election
21 under Section 15-132.9 before June 1, 2014 choose the option
22 under paragraph (1) of subsection (a) of that Section, then the
23 State shall be contractually obligated to contribute to the
24 System in each State fiscal year an amount not less than the
25 sum required in Section 15-155 as that Section existed prior to

1 the effective date of this amendatory Act of the 98th General
2 Assembly notwithstanding the changes made to Section 15-155 by
3 Part A of this amendatory Act of the 98th General Assembly.

4 If at least 50% of Tier I employees making an election
5 under Section 15-132.9 before June 1, 2014 choose the option
6 under paragraph (1) of subsection (a) of that Section, then the
7 State shall be contractually obligated for purposes of this
8 Article 15 only (i) to make the transfer identified in
9 subsection (c-10) of Section 20 of the Budget Stabilization
10 Act, (ii) to apportion the amounts transferred pursuant to
11 subsection (c-10) of Section 20 of the Budget Stabilization Act
12 in accordance with subsection (b) of Section 25 of that Act,
13 (iii) to pay the apportioned amounts to the designated
14 retirement systems, and (iv) not to use the amounts transferred
15 pursuant to subsection (c-10) of Section 20 of the Budget
16 Stabilization Act to satisfy any portion of the required State
17 contributions due under Article 2, 14, 15, 16, or 18 of the
18 Illinois Pension Code.

19 The obligations created under this subsection (b) are
20 contractual obligations protected and enforceable under
21 Article I, Section 16 and Article XIII, Section 5 of the
22 Illinois Constitution.

23 Notwithstanding any other provision of law, if the State
24 fails to pay in a State fiscal year the amount guaranteed under
25 this subsection, the System may bring a mandamus action in the
26 Circuit Court of Sangamon or Champaign County to compel the

1 State to make that payment, irrespective of other remedies that
2 may be available to the System. It shall be the mandatory
3 fiduciary obligation of the Board of the System to bring that
4 action if the State fails to pay in the fiscal year the amount
5 guaranteed under this subsection. Before commencing that
6 action, the Board shall submit a voucher for monthly
7 contributions as required in Section 15-155. If the State fails
8 to pay a vouchered amount within 90 days after receiving a
9 voucher for that amount, then the Board shall submit a written
10 request to the Comptroller seeking payment of that amount. A
11 copy of the request shall be filed with the Secretary of State,
12 and the Secretary of State shall provide copies of the request
13 to the Governor and General Assembly. No earlier than the 16th
14 day after filing a request with the Secretary, but no later
15 than the 21st day after filing that request, the Board may
16 commence such an action in the Circuit Court. If the Board
17 fails to commence such action on or before the 21st day after
18 filing the request with the Secretary of State, then any Tier I
19 employee or Tier I retiree who chose the option under paragraph
20 (1) of subsection (a) or (a-5) of Section 15-132.9 may file a
21 mandamus action against the Board to compel the Board to
22 commence its mandamus action against the State. This Section
23 constitutes an express waiver of the State's sovereign
24 immunity. In ordering the State to make the required payment,
25 the court may order a reasonable payment schedule to enable the
26 State to make the required payment. The obligations and causes

1 of action created under this subsection shall be in addition to
2 any other right or remedy otherwise accorded by common law, or
3 State or federal law, and nothing in this subsection shall be
4 construed to deny, abrogate, impair, or waive any such common
5 law or statutory right or remedy.

6 Any payments required to be made by the State pursuant to
7 this subsection (b) are expressly subordinated to the payment
8 of the principal, interest, and premium, if any, on any bonded
9 debt obligation of the State or any other State-created entity,
10 either currently outstanding or to be issued, for which the
11 source of repayment or security thereon is derived directly or
12 indirectly from tax revenues collected by the State or any
13 other State-created entity. Payments on such bonded
14 obligations include any statutory fund transfers or other
15 prefunding mechanisms or formulas set forth, now or hereafter,
16 in State law or bond indentures, into debt service funds or
17 accounts of the State related to such bonded obligations,
18 consistent with the payment schedules associated with such
19 obligations.

20 (Source: P.A. 83-1440.)

21 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

22 Sec. 15-157. Employee Contributions.

23 (a) Each participating employee shall make contributions
24 towards the retirement benefits payable under the retirement
25 program applicable to the employee from each payment of

1 earnings applicable to employment under this system on and
2 after the date of becoming a participant as follows: Prior to
3 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
4 to August 31, 1955, 5%; from September 1, 1955 to August 31,
5 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
6 are to be considered as normal contributions for purposes of
7 this Article.

8 Each participant who is a police officer or firefighter
9 shall make normal contributions of 8% of each payment of
10 earnings applicable to employment as a police officer or
11 firefighter under this system on or after September 1, 1981,
12 unless he or she files with the board within 60 days after the
13 effective date of this amendatory Act of 1991 or 60 days after
14 the board receives notice that he or she is employed as a
15 police officer or firefighter, whichever is later, a written
16 notice waiving the retirement formula provided by Rule 4 of
17 Section 15-136. This waiver shall be irrevocable. If a
18 participant had met the conditions set forth in Section
19 15-132.1 prior to the effective date of this amendatory Act of
20 1991 but failed to make the additional normal contributions
21 required by this paragraph, he or she may elect to pay the
22 additional contributions plus compound interest at the
23 effective rate. If such payment is received by the board, the
24 service shall be considered as police officer service in
25 calculating the retirement annuity under Rule 4 of Section
26 15-136. While performing service described in clause (i) or

1 (ii) of Rule 4 of Section 15-136, a participating employee
2 shall be deemed to be employed as a firefighter for the purpose
3 of determining the rate of employee contributions under this
4 Section.

5 (a-1) In addition to the contributions required under
6 either subsections (a), (b), and (c) or subsection (a-1), an
7 employee who elects to participate in the optional cash balance
8 plan under Section 1-162 shall pay to the System for the
9 purpose of participating in the optional cash balance plan a
10 contribution of 2% of each payment of earnings received while
11 he or she is a participant in the optional cash balance plan.
12 These contributions shall not be used for the purpose of
13 determining any benefit under this Article except as provided
14 in the optional cash balance plan.

15 (b) Starting September 1, 1969, each participating
16 employee shall make additional contributions of 1/2 of 1% of
17 earnings to finance a portion of the cost of the annual
18 increases in retirement annuity provided under Section 15-136,
19 except that with respect to participants in the self-managed
20 plan this additional contribution shall be used to finance the
21 benefits obtained under that retirement program.

22 (c) In addition to the amounts described in subsections (a)
23 and (b) of this Section, each participating employee shall make
24 contributions of 1% of earnings applicable under this system on
25 and after August 1, 1959. The contributions made under this
26 subsection (c) shall be considered as survivor's insurance

1 contributions for purposes of this Article if the employee is
2 covered under the traditional benefit package, and such
3 contributions shall be considered as additional contributions
4 for purposes of this Article if the employee is participating
5 in the self-managed plan or has elected to participate in the
6 portable benefit package and has completed the applicable
7 one-year waiting period. Contributions in excess of \$80 during
8 any fiscal year beginning before August 31, 1969 and in excess
9 of \$120 during any fiscal year thereafter until September 1,
10 1971 shall be considered as additional contributions for
11 purposes of this Article.

12 (d) If the board by board rule so permits and subject to
13 such conditions and limitations as may be specified in its
14 rules, a participant may make other additional contributions of
15 such percentage of earnings or amounts as the participant shall
16 elect in a written notice thereof received by the board.

17 (e) That fraction of a participant's total accumulated
18 normal contributions, the numerator of which is equal to the
19 number of years of service in excess of that which is required
20 to qualify for the maximum retirement annuity, and the
21 denominator of which is equal to the total service of the
22 participant, shall be considered as accumulated additional
23 contributions. The determination of the applicable maximum
24 annuity and the adjustment in contributions required by this
25 provision shall be made as of the date of the participant's
26 retirement.

1 (f) Notwithstanding the foregoing, a participating
2 employee shall not be required to make contributions under this
3 Section after the date upon which continuance of such
4 contributions would otherwise cause his or her retirement
5 annuity to exceed the maximum retirement annuity as specified
6 in clause (1) of subsection (c) of Section 15-136.

7 (g) A participating employee may make contributions for the
8 purchase of service credit under this Article.

9 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
10 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
11 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

12 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

13 Sec. 15-163. To consider applications and authorize
14 payments.

15 To consider and pass on all certifications of employment
16 and applications for annuities and benefits; to authorize the
17 granting of annuities and benefits; and to limit or suspend any
18 payment or payments, all in accordance with this Article.

19 (Source: Laws 1963, p. 161.)

20 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

21 Sec. 15-165. To certify amounts and submit vouchers.

22 (a) The Board shall certify to the Governor on or before
23 November 15 of each year through ~~until~~ November 15, 2011 the
24 appropriation required from State funds for the purposes of

1 this System for the following fiscal year. The certification
2 under this subsection (a) shall include a copy of the actuarial
3 recommendations upon which it is based ~~and shall specifically~~
4 ~~identify the System's projected State normal cost for that~~
5 ~~fiscal year and the projected State cost for the self managed~~
6 ~~plan for that fiscal year.~~

7 On or before May 1, 2004, the Board shall recalculate and
8 recertify to the Governor the amount of the required State
9 contribution to the System for State fiscal year 2005, taking
10 into account the amounts appropriated to and received by the
11 System under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act.

13 On or before July 1, 2005, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2006, taking
16 into account the changes in required State contributions made
17 by this amendatory Act of the 94th General Assembly.

18 On or before April 1, 2011, the Board shall recalculate and
19 recertify to the Governor the amount of the required State
20 contribution to the System for State fiscal year 2011, applying
21 the changes made by Public Act 96-889 to the System's assets
22 and liabilities as of June 30, 2009 as though Public Act 96-889
23 was approved on that date.

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,
26 the Governor, and the General Assembly a proposed certification

1 of the amount of the required State contribution to the System
2 for the next fiscal year, along with all of the actuarial
3 assumptions, calculations, and data upon which that proposed
4 certification is based. On or before January 1 of each year,
5 beginning January 1, 2013, the State Actuary shall issue a
6 preliminary report concerning the proposed certification and
7 identifying, if necessary, recommended changes in actuarial
8 assumptions that the Board must consider before finalizing its
9 certification of the required State contributions.

10 On or before January 15, 2013 and each January 15
11 thereafter, the Board shall certify to the Governor and the
12 General Assembly the amount of the required State contribution
13 for the next fiscal year. The certification shall include a
14 copy of the actuarial recommendations upon which it is based
15 and shall specifically identify the System's projected State
16 normal cost for that fiscal year and the projected State cost
17 for the self-managed plan for that fiscal year. The Board's
18 certification must note, in a written response to the State
19 Actuary, any deviations from the State Actuary's recommended
20 changes, the reason or reasons for not following the State
21 Actuary's recommended changes, and the fiscal impact of not
22 following the State Actuary's recommended changes on the
23 required State contribution.

24 (b) The Board shall certify to the State Comptroller or
25 employer, as the case may be, from time to time, by its
26 president and secretary, with its seal attached, the amounts

1 payable to the System from the various funds.

2 (c) Beginning in State fiscal year 1996, on or as soon as
3 possible after the 15th day of each month the Board shall
4 submit vouchers for payment of State contributions to the
5 System, in a total monthly amount of one-twelfth of the
6 required annual State contribution certified under subsection
7 (a). From the effective date of this amendatory Act of the 93rd
8 General Assembly through June 30, 2004, the Board shall not
9 submit vouchers for the remainder of fiscal year 2004 in excess
10 of the fiscal year 2004 certified contribution amount
11 determined under this Section after taking into consideration
12 the transfer to the System under subsection (b) of Section
13 6z-61 of the State Finance Act. These vouchers shall be paid by
14 the State Comptroller and Treasurer by warrants drawn on the
15 funds appropriated to the System for that fiscal year.

16 If in any month the amount remaining unexpended from all
17 other appropriations to the System for the applicable fiscal
18 year (including the appropriations to the System under Section
19 8.12 of the State Finance Act and Section 1 of the State
20 Pension Funds Continuing Appropriation Act) is less than the
21 amount lawfully vouchered under this Section, the difference
22 shall be paid from the General Revenue Fund under the
23 continuing appropriation authority provided in Section 1.1 of
24 the State Pension Funds Continuing Appropriation Act.

25 (d) So long as the payments received are the full amount
26 lawfully vouchered under this Section, payments received by the

1 System under this Section shall be applied first toward the
2 employer contribution to the self-managed plan established
3 under Section 15-158.2. Payments shall be applied second toward
4 the employer's portion of the normal costs of the System, as
5 defined in subsection (f) of Section 15-155. The balance shall
6 be applied toward the unfunded actuarial liabilities of the
7 System.

8 (e) In the event that the System does not receive, as a
9 result of legislative enactment or otherwise, payments
10 sufficient to fully fund the employer contribution to the
11 self-managed plan established under Section 15-158.2 and to
12 fully fund that portion of the employer's portion of the normal
13 costs of the System, as calculated in accordance with Section
14 15-155(a-1), then any payments received shall be applied
15 proportionately to the optional retirement program established
16 under Section 15-158.2 and to the employer's portion of the
17 normal costs of the System, as calculated in accordance with
18 Section 15-155(a-1).

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/15-198)

22 Sec. 15-198. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article or Article 1, that results from
3 an amendment to this Code that takes effect after the effective
4 date of this amendatory Act of the 94th General Assembly. "New
5 benefit increase", however, does not include any benefit
6 increase resulting from the changes made to this Article or
7 Article 1 by this amendatory Act of the 98th General Assembly.

8 (b) Notwithstanding any other provision of this Code or any
9 subsequent amendment to this Code, every new benefit increase
10 is subject to this Section and shall be deemed to be granted
11 only in conformance with and contingent upon compliance with
12 the provisions of this Section.

13 (c) The Public Act enacting a new benefit increase must
14 identify and provide for payment to the System of additional
15 funding at least sufficient to fund the resulting annual
16 increase in cost to the System as it accrues.

17 Every new benefit increase is contingent upon the General
18 Assembly providing the additional funding required under this
19 subsection. The Commission on Government Forecasting and
20 Accountability shall analyze whether adequate additional
21 funding has been provided for the new benefit increase and
22 shall report its analysis to the Public Pension Division of the
23 Department of Financial and Professional Regulation. A new
24 benefit increase created by a Public Act that does not include
25 the additional funding required under this subsection is null
26 and void. If the Public Pension Division determines that the

1 additional funding provided for a new benefit increase under
2 this subsection is or has become inadequate, it may so certify
3 to the Governor and the State Comptroller and, in the absence
4 of corrective action by the General Assembly, the new benefit
5 increase shall expire at the end of the fiscal year in which
6 the certification is made.

7 (d) Every new benefit increase shall expire 5 years after
8 its effective date or on such earlier date as may be specified
9 in the language enacting the new benefit increase or provided
10 under subsection (c). This does not prevent the General
11 Assembly from extending or re-creating a new benefit increase
12 by law.

13 (e) Except as otherwise provided in the language creating
14 the new benefit increase, a new benefit increase that expires
15 under this Section continues to apply to persons who applied
16 and qualified for the affected benefit while the new benefit
17 increase was in effect and to the affected beneficiaries and
18 alternate payees of such persons, but does not apply to any
19 other person, including without limitation a person who
20 continues in service after the expiration date and did not
21 apply and qualify for the affected benefit while the new
22 benefit increase was in effect.

23 (Source: P.A. 94-4, eff. 6-1-05.)

24 Section B-50. If and only if Section B-35 or B-40 of this
25 Part B takes effect, then the School Code is amended by

1 changing Sections 24-1 and 24-8 as follows:

2 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

3 Sec. 24-1. Appointment-Salaries-Payment-School
4 month-School term.) School boards shall appoint all teachers,
5 determine qualifications of employment and fix the amount of
6 their salaries subject to any limitation set forth in this Act
7 and subject to any applicable restrictions in Section 14-106.5
8 or 15-132.9 of the Illinois Pension Code. They shall pay the
9 wages of teachers monthly, subject, however, to the provisions
10 of Section 24-21. The school month shall be the same as the
11 calendar month but by resolution the school board may adopt for
12 its use a month of 20 days, including holidays. The school term
13 shall consist of at least the minimum number of pupil
14 attendance days required by Section 10-19, any additional legal
15 school holidays, days of teachers' institutes, or equivalent
16 professional educational experiences, and one or two days at
17 the beginning of the school term when used as a teachers'
18 workshop.

19 (Source: P.A. 80-249.)

20 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

21 Sec. 24-8. Minimum salary. In fixing the salaries of
22 teachers, school boards shall pay those who serve on a
23 full-time basis not less than a rate for the school year that
24 is based upon training completed in a recognized institution of

1 higher learning, as follows: for the school year beginning July
2 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
3 120 semester hours or more and a bachelor's degree, \$10,000;
4 150 semester hours or more and a master's degree, \$11,000.

5 Based upon previous public school experience in this State
6 or any other State, territory, dependency or possession of the
7 United States, or in schools operated by or under the auspices
8 of the United States, teachers who serve on a full-time basis
9 shall have their salaries increased to at least the following
10 amounts above the starting salary for a teacher in such
11 district in the same classification: with less than a
12 bachelor's degree, \$750 after 5 years; with 120 semester hours
13 or more and a bachelor's degree, \$1,000 after 5 years and
14 \$1,600 after 8 years; with 150 semester hours or more and a
15 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
16 \$2,750 after 13 years. However, any salary increase is subject
17 to any applicable restrictions in Section 14-106.5 or 15-132.9
18 of the Illinois Pension Code.

19 For the purpose of this Section a teacher's salary shall
20 include any amount paid by the school district on behalf of the
21 teacher, as teacher contributions, to the Teachers' Retirement
22 System of the State of Illinois.

23 If a school board establishes a schedule for teachers'
24 salaries based on education and experience, not inconsistent
25 with this Section, all certificated nurses employed by that
26 board shall be paid in accordance with the provisions of such

1 schedule (subject to any applicable restrictions in Section
2 14-106.5 or 15-132.9 of the Illinois Pension Code).

3 For purposes of this Section, a teacher who submits a
4 certificate of completion to the school office prior to the
5 first day of the school term shall be considered to have the
6 degree stated in such certificate.

7 (Source: P.A. 83-913.)

8 Section B-55. If and only if any of the changes made by
9 Part A of this Act to provisions in Article 15 of the Illinois
10 Pension Code concerning (i) automatic annual increases, (ii)
11 employee or member contributions, (iii) State or employer
12 contributions, (iv) State funding guarantees, or (v) salary,
13 earnings, or compensation is declared to be unconstitutional or
14 otherwise invalid, then the State Universities Civil Service
15 Act is amended by changing Section 36d as follows:

16 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

17 Sec. 36d. Powers and duties of the Merit Board.

18 The Merit Board shall have the power and duty-

19 (1) To approve a classification plan prepared under its
20 direction, assigning to each class positions of substantially
21 similar duties. The Merit Board shall have power to delegate to
22 its Director the duty of assigning each position in the
23 classified service to the appropriate class in the
24 classification plan approved by the Merit Board.

1 (2) To prescribe the duties of each class of positions and
2 the qualifications required by employment in that class.

3 (3) To prescribe the range of compensation for each class
4 or to fix a single rate of compensation for employees in a
5 particular class; and to establish other conditions of
6 employment which an employer and employee representatives have
7 agreed upon as fair and equitable. The Merit Board shall direct
8 the payment of the "prevailing rate of wages" in those
9 classifications in which, on January 1, 1952, any employer is
10 paying such prevailing rate and in such other classes as the
11 Merit Board may thereafter determine. "Prevailing rate of
12 wages" as used herein shall be the wages paid generally in the
13 locality in which the work is being performed to employees
14 engaged in work of a similar character. Subject to any
15 applicable restrictions in Section 15-132.9 of the Illinois
16 Pension Code, each ~~Each~~ employer covered by the University
17 System shall be authorized to negotiate with representatives of
18 employees to determine appropriate ranges or rates of
19 compensation or other conditions of employment and may
20 recommend to the Merit Board for establishment the rates or
21 ranges or other conditions of employment which the employer and
22 employee representatives have agreed upon as fair and
23 equitable, but excluding the changes, the impact of changes,
24 and the implementation of the changes set forth in this
25 amendatory Act of the 98th General Assembly. Any rates or
26 ranges established prior to January 1, 1952, and hereafter,

1 shall not be changed except in accordance with the procedures
2 herein provided.

3 (4) To recommend to the institutions and agencies specified
4 in Section 36e standards for hours of work, holidays, sick
5 leave, overtime compensation and vacation for the purpose of
6 improving conditions of employment covered therein and for the
7 purpose of insuring conformity with the prevailing rate
8 principal.

9 (5) To prescribe standards of examination for each class,
10 the examinations to be related to the duties of such class. The
11 Merit Board shall have power to delegate to the Director and
12 his staff the preparation, conduct and grading of examinations.
13 Examinations may be written, oral, by statement of training and
14 experience, in the form of tests of knowledge, skill, capacity,
15 intellect, aptitude; or, by any other method, which in the
16 judgment of the Merit Board is reasonable and practical for any
17 particular classification. Different examining procedures may
18 be determined for the examinations in different
19 classifications but all examinations in the same
20 classification shall be uniform.

21 (6) To authorize the continuous recruitment of personnel
22 and to that end, to delegate to the Director and his staff the
23 power and the duty to conduct open and continuous competitive
24 examinations for all classifications of employment.

25 (7) To cause to be established from the results of
26 examinations registers for each class of positions in the

1 classified service of the State Universities Civil Service
2 System, of the persons who shall attain the minimum mark fixed
3 by the Merit Board for the examination; and such persons shall
4 take rank upon the registers as candidates in the order of
5 their relative excellence as determined by examination,
6 without reference to priority of time of examination.

7 (8) To provide by its rules for promotions in the
8 classified service. Vacancies shall be filled by promotion
9 whenever practicable. For the purpose of this paragraph, an
10 advancement in class shall constitute a promotion.

11 (9) To set a probationary period of employment of no less
12 than 6 months and no longer than 12 months for each class of
13 positions in the classification plan, the length of the
14 probationary period for each class to be determined by the
15 Director.

16 (10) To provide by its rules for employment at regular
17 rates of compensation of physically handicapped persons in
18 positions in which the handicap does not prevent the individual
19 from furnishing satisfactory service.

20 (11) To make and publish rules, to carry out the purpose of
21 the State Universities Civil Service System and for
22 examination, appointments, transfers and removals and for
23 maintaining and keeping records of the efficiency of officers
24 and employees and groups of officers and employees in
25 accordance with the provisions of Sections 36b to 36q,
26 inclusive, and said Merit Board may from time to time make

1 changes in such rules.

2 (12) To appoint a Director and such assistants and other
3 clerical and technical help as may be necessary efficiently to
4 administer Sections 36b to 36q, inclusive. To authorize the
5 Director to appoint an assistant resident at the place of
6 employment of each employer specified in Section 36e and this
7 assistant may be authorized to give examinations and to certify
8 names from the regional registers provided in Section 36k.

9 (13) To submit to the Governor of this state on or before
10 November 1 of each year prior to the regular session of the
11 General Assembly a report of the University System's business
12 and an estimate of the amount of appropriation from state funds
13 required for the purpose of administering the University
14 System.

15 (Source: P.A. 82-524.)

16 Section B-60. If and only if any of the changes made by
17 Part A of this Act to provisions in Article 15 of the Illinois
18 Pension Code concerning (i) automatic annual increases, (ii)
19 employee or member contributions, (iii) State or employer
20 contributions, (iv) State funding guarantees, or (v) salary,
21 earnings, or compensation is declared to be unconstitutional or
22 otherwise invalid, then the University of Illinois Act is
23 amended by adding Section 85 as follows:

24 (110 ILCS 305/85 new)

1 Sec. 85. Future increases in income. The University of
2 Illinois must not pay, offer, or agree to pay any future
3 increase in income, as that term is defined in Section 15-132.9
4 of the Illinois Pension Code, to any person in a manner that
5 violates any of those Sections.

6 Section B-65. If and only if any of the changes made by
7 Part A of this Act to provisions in Article 15 of the Illinois
8 Pension Code concerning (i) automatic annual increases, (ii)
9 employee or member contributions, (iii) State or employer
10 contributions, (iv) State funding guarantees, or (v) salary,
11 earnings, or compensation is declared to be unconstitutional or
12 otherwise invalid, then the Southern Illinois University
13 Management Act is amended by adding Section 70 as follows:

14 (110 ILCS 520/70 new)

15 Sec. 70. Future increases in income. Southern Illinois
16 University must not pay, offer, or agree to pay any future
17 increase in income, as that term is defined in Section 15-132.9
18 of the Illinois Pension Code, to any person in a manner that
19 violates any of those Sections.

20 Section B-70. If and only if any of the changes made by
21 Part A of this Act to provisions in Article 15 of the Illinois
22 Pension Code concerning (i) automatic annual increases, (ii)
23 employee or member contributions, (iii) State or employer

1 contributions, (iv) State funding guarantees, or (v) salary,
2 earnings, or compensation is declared to be unconstitutional or
3 otherwise invalid, then the Chicago State University Law is
4 amended by adding Section 5-180 as follows:

5 (110 ILCS 660/5-180 new)

6 Sec. 5-180. Future increases in income. Chicago State
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 15-132.9
9 of the Illinois Pension Code, to any person in a manner that
10 violates any of those Sections.

11 Section B-75. If and only if any of the changes made by
12 Part A of this Act to provisions in Article 15 of the Illinois
13 Pension Code concerning (i) automatic annual increases, (ii)
14 employee or member contributions, (iii) State or employer
15 contributions, (iv) State funding guarantees, or (v) salary,
16 earnings, or compensation is declared to be unconstitutional or
17 otherwise invalid, then the Eastern Illinois University Law is
18 amended by adding Section 10-180 as follows:

19 (110 ILCS 665/10-180 new)

20 Sec. 10-180. Future increases in income. Eastern Illinois
21 University must not pay, offer, or agree to pay any future
22 increase in income, as that term is defined in Section 15-132.9
23 of the Illinois Pension Code, to any person in a manner that

1 violates any of those Sections.

2 Section B-80. If and only if any of the changes made by
3 Part A of this Act to provisions in Article 15 of the Illinois
4 Pension Code concerning (i) automatic annual increases, (ii)
5 employee or member contributions, (iii) State or employer
6 contributions, (iv) State funding guarantees, or (v) salary,
7 earnings, or compensation is declared to be unconstitutional or
8 otherwise invalid, then the Governors State University Law is
9 amended by adding Section 15-180 as follows:

10 (110 ILCS 670/15-180 new)

11 Sec. 15-180. Future increases in income. Governors State
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section 15-132.9
14 of the Illinois Pension Code, to any person in a manner that
15 violates any of those Sections.

16 Section B-85. If and only if any of the changes made by
17 Part A of this Act to provisions in Article 15 of the Illinois
18 Pension Code concerning (i) automatic annual increases, (ii)
19 employee or member contributions, (iii) State or employer
20 contributions, (iv) State funding guarantees, or (v) salary,
21 earnings, or compensation is declared to be unconstitutional or
22 otherwise invalid, then the Illinois State University Law is
23 amended by adding Section 20-185 as follows:

1 (110 ILCS 675/20-185 new)

2 Sec. 20-185. Future increases in income. Illinois State
3 University must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section 15-132.9
5 of the Illinois Pension Code, to any person in a manner that
6 violates any of those Sections.

7 Section B-90. If and only if any of the changes made by
8 Part A of this Act to provisions in Article 15 of the Illinois
9 Pension Code concerning (i) automatic annual increases, (ii)
10 employee or member contributions, (iii) State or employer
11 contributions, (iv) State funding guarantees, or (v) salary,
12 earnings, or compensation is declared to be unconstitutional or
13 otherwise invalid, then the Northeastern Illinois University
14 Law is amended by adding Section 25-180 as follows:

15 (110 ILCS 680/25-180 new)

16 Sec. 25-180. Future increases in income. Northeastern
17 Illinois University must not pay, offer, or agree to pay any
18 future increase in income, as that term is defined in Section
19 15-132.9 of the Illinois Pension Code, to any person in a
20 manner that violates any of those Sections.

21 Section B-95. If and only if any of the changes made by
22 Part A of this Act to provisions in Article 15 of the Illinois

1 Pension Code concerning (i) automatic annual increases, (ii)
2 employee or member contributions, (iii) State or employer
3 contributions, (iv) State funding guarantees, or (v) salary,
4 earnings, or compensation is declared to be unconstitutional or
5 otherwise invalid, then the Northern Illinois University Law is
6 amended by adding Section 30-190 as follows:

7 (110 ILCS 685/30-190 new)

8 Sec. 30-190. Future increases in income. Northern Illinois
9 University must not pay, offer, or agree to pay any future
10 increase in income, as that term is defined in Section 15-132.9
11 of the Illinois Pension Code, to any person in a manner that
12 violates any of those Sections.

13 Section B-100. If and only if any of the changes made by
14 Part A of this Act to provisions in Article 15 of the Illinois
15 Pension Code concerning (i) automatic annual increases, (ii)
16 employee or member contributions, (iii) State or employer
17 contributions, (iv) State funding guarantees, or (v) salary,
18 earnings, or compensation is declared to be unconstitutional or
19 otherwise invalid, then the Western Illinois University Law is
20 amended by adding Section 35-185 as follows:

21 (110 ILCS 690/35-185 new)

22 Sec. 35-185. Future increases in income. Western Illinois
23 University must not pay, offer, or agree to pay any future

1 increase in income, as that term is defined in Section 15-132.9
2 of the Illinois Pension Code, to any person in a manner that
3 violates any of those Sections.

4 Section B-105. If and only if any of the changes made by
5 Part A of this Act to provisions in Article 15 of the Illinois
6 Pension Code concerning (i) automatic annual increases, (ii)
7 employee or member contributions, (iii) State or employer
8 contributions, (iv) State funding guarantees, or (v) salary,
9 earnings, or compensation is declared to be unconstitutional or
10 otherwise invalid, then the Public Community College Act is
11 amended by changing Sections 3-26 and 3-42 as follows:

12 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

13 Sec. 3-26. (a) To make appointments and fix the salaries of
14 a chief administrative officer, who shall be the executive
15 officer of the board, other administrative personnel, and all
16 teachers, but subject to any applicable restrictions in Section
17 15-132.9 of the Illinois Pension Code. In making these
18 appointments and fixing the salaries, the board may make no
19 discrimination on account of sex, race, creed, color or
20 national origin.

21 (b) Upon the written request of an employee, to withhold
22 from the compensation of that employee the membership dues of
23 such employee payable to any specified labor organization as
24 defined in the Illinois Educational Labor Relations Act. Under

1 such arrangement, an amount shall be withheld for each regular
2 payroll period which is equal to the prorata share of the
3 annual membership dues plus any payments or contributions and
4 the board shall pay such withholding to the specified labor
5 organization within 10 working days from the time of the
6 withholding.

7 (Source: P.A. 83-1014.)

8 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

9 Sec. 3-42. To employ such personnel as may be needed, to
10 establish policies governing their employment and dismissal,
11 and to fix the amount of their compensation, subject to any
12 applicable restrictions in Section 15-132.9 of the Illinois
13 Pension Code. In the employment, establishment of policies and
14 fixing of compensation the board may make no discrimination on
15 account of sex, race, creed, color or national origin.

16 Residence within any community college district or outside
17 any community college district shall not be considered:

18 (a) in determining whether to retain or not retain any
19 employee of a community college employed prior to July 1,
20 1977 or prior to the adoption by the community college
21 board of a resolution making residency within the community
22 college district of some or all employees a condition of
23 employment, whichever is later;

24 (b) in assigning, promoting or transferring any
25 employee of a community college to an office or position

1 employed prior to July 1, 1977 or prior to the adoption by
2 the community college board of a resolution making
3 residency within the community college district of some or
4 all employees a condition of employment, whichever is
5 later; or

6 (c) in determining the salary or other compensation of
7 any employee of a community college.

8 (Source: P.A. 80-248.)

9 Section B-110. If and only if Section B-35 or B-40 of this
10 Part B takes effect, then the Illinois Educational Labor
11 Relations Act is amended by changing Sections 4 and 17 as
12 follows:

13 (115 ILCS 5/4) (from Ch. 48, par. 1704)

14 Sec. 4. Employer rights. Employers shall not be required to
15 bargain over matters of inherent managerial policy, which shall
16 include such areas of discretion or policy as the functions of
17 the employer, standards of services, its overall budget, the
18 organizational structure and selection of new employees and
19 direction of employees. Employers, however, shall be required
20 to bargain collectively with regard to policy matters directly
21 affecting wages (but subject to any applicable restrictions in
22 Section 14-106.5 or 15-132.9 of the Illinois Pension Code),
23 hours and terms and conditions of employment as well as the
24 impact thereon upon request by employee representatives, but

1 excluding the changes, the impact of changes, and the
2 implementation of the changes set forth in this amendatory Act
3 of the 98th General Assembly. To preserve the rights of
4 employers and exclusive representatives which have established
5 collective bargaining relationships or negotiated collective
6 bargaining agreements prior to the effective date of this Act,
7 employers shall be required to bargain collectively with regard
8 to any matter concerning wages (but subject to any applicable
9 restrictions in Section 14-106.5 or 15-132.9 of the Illinois
10 Pension Code), hours or conditions of employment about which
11 they have bargained for and agreed to in a collective
12 bargaining agreement prior to the effective date of this Act,
13 but excluding the changes, the impact of changes, and the
14 implementation of the changes set forth in this amendatory Act
15 of the 98th General Assembly.

16 (Source: P.A. 83-1014.)

17 (115 ILCS 5/17) (from Ch. 48, par. 1717)

18 Sec. 17. Effect on other laws. In case of any conflict
19 between the provisions of this Act and any other law (other
20 than Section 14-106.5 or 15-132.9 of the Illinois Pension
21 Code), executive order or administrative regulation, the
22 provisions of this Act shall prevail and control. The
23 provisions of this Act are subject to any applicable
24 restrictions in Sections 14-106.5 and 15-132.9 of the Illinois
25 Pension Code, as well as the changes, impact of changes, and

1 implementation of changes set forth in this amendatory Act of
2 the 98th General Assembly. Nothing in this Act shall be
3 construed to replace or diminish the rights of employees
4 established by Section 36d of "An Act to create the State
5 Universities Civil Service System", approved May 11, 1905, as
6 amended or modified.

7 (Source: P.A. 83-1014.)

8 Section B-200. The State Mandates Act is amended by adding
9 Section 8.37 as follows:

10 (30 ILCS 805/8.37 new)

11 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
12 of this Act, no reimbursement by the State is required for the
13 implementation of any mandate created by this amendatory Act of
14 the 98th General Assembly.

15 PART C

16 Section C-999. Effective date. This Act takes effect upon
17 becoming law, except that each of Sections B-5 through B-110
18 takes effect upon the date following the date upon which the
19 contingency described in its introductory clause occurs."